



**Auditor of State
Betty Montgomery**

**MONTGOMERY COUNTY
VETERANS SERVICE COMMISSION
PERFORMANCE AUDIT**

APRIL 7, 2005



Auditor of State Betty Montgomery

To the Montgomery County Board of Commissioners, the Montgomery County Veterans Service Commission, and the Veterans of Montgomery County:

In June 2004, the Montgomery County Commissioners asked the Auditor of State to conduct an independent assessment of the Montgomery County Veterans Service Commission (MCVSC) operations, including service delivery, efficiency and programmatic response to the veterans in the county. Following discussions with officials from MCVSC and the Montgomery County Commissioners, five areas were identified for review: organization and staffing, financial management, compliance, program assessment and case management, and technology. These components of MCVSC's operations were selected because they are essential to the agency's mission of providing advice and assistance to veterans, active duty members, and their families.

While many of the recommendations contained within the performance audit were implemented during the course of the audit, the Commission officials are encouraged to assess overall operations and develop other recommendations independent of the performance audit. Some of the key recommendations in the audit include reorganizing staff, developing performance measurement initiatives, developing procedures and internal controls for financial assistance functions, revising the case management approval processes, providing additional training to agency staff, and taking steps to ensure the security of its computer data.

This report has been provided to the Montgomery County Veterans Service Commission and its contents discussed with appropriate officials and management. The Commission has been encouraged to use the results of the performance audit as a resource in improving its overall operations and service delivery.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 7, 2005

Executive Summary

Project History

In June 2004, the Montgomery County Commissioners engaged the Auditor of State's Office to conduct a performance audit of the Montgomery County Veterans Service Commission (MCVSC or Commission). The County Commissioners' requested an independent assessment of the MCVSC's operations, including service delivery, efficiency and programmatic response to the veterans. The purpose of the audit is to identify efficient and effective practices and determine potential areas for improvement.

Pursuant to discussions with the Montgomery County Commissioners and the MCVSC, the following assessment areas were identified for inclusion in the performance audit:

- Organization and Staffing;
- Financial Management;
- Program Compliance;
- Program Assessment and Case Management; and
- Technology.

The performance audit is designed to develop recommendations that optimize operational efficiencies and service levels, and potentially reduce operational costs. The Commission is encouraged to continue to monitor and assess its operations to identify recommendations for future improvements.

MCVSC Overview

MCVSC is a county agency dedicated to helping veterans of the Armed Forces of the United States and their dependents. MCVSC is composed of eleven commissioners. The first five commissioners, commonly referred to as veterans service commissioners, are veteran organization representatives and residents of the county. These commissioners are appointed to five year terms by a judge of the Montgomery County Court of Common Pleas. Appointment to the commission is based on a five-year rotation, thereby allowing one appointment each year. Each appointed commissioner must be an honorably discharged or honorably separated veteran who represents one of the congressionally-chartered veterans organizations located in Montgomery County.

In addition to the five commissioners appointed by the Court of Common Pleas in compliance with ORC § 5901.03, MCVSC has six members appointed by the county commissioners in accordance with the ORC § 5901.021 as amended by Senate Bill 261. This appointment process, while questioned and scrutinized by the various veterans organizations and the other county-wide veterans service commissions (VSC), has afforded Montgomery County the opportunity to select a uniquely qualified group of veterans in a leadership capacity to implement a variety of initiatives consistent with the Agency goals and plans.

Under ORC § 5901¹⁻¹ and Ohio Administrative Code (OAC) § 5902, MCVSC provides the following services for a population of nearly 57,000 veterans and their dependents in Montgomery County:

- Emergency financial assistance to eligible veterans, spouses and their children, and surviving spouses for housing expenses, utilities, food, eye glasses and other areas;
- Advice and assistance when veterans apply for claims, benefits or entitlements from federal, state or local agencies;
- Liaison services to the Department of Veterans Affairs for claims or benefits-related information;
- Burial benefits up to \$1,000 to families without the means to pay for funeral expenses for the burial of a veteran;
- Transportation services for veterans to and from the Veterans Administration Medical Center in Dayton for appointments; and
- Employment assistance in coordination with the Ohio Department of Job and Family Services.

ORC § 5901.11 provides 0.5 mills of county property tax to fund the operation of a veterans service commission. MCVSC may use up to 0.5 mills of the unvoted 10 mills paid by all property owners in the county. In 2003, the one-half mill generated close to \$5 million in Montgomery County, but MCVSC requested and expended only about \$2.6 million--\$1.6 million was distributed as financial assistance and the balance was used for administrative operations.

MCVSC underwent significant changes between FY 2002 and 2004. These changes included the appointment of six additional board members as permitted under Ohio law, and the reorganization of the operation (including moving and consolidating all activities at one site). Additional reorganization efforts were undertaken to change the internal structure of the Agency in response to several complaints about financial assistance decisions and low employee morale. The internal reorganization was designed to improve the delivery of services to the veterans of

¹⁻¹ In May 1886, the Legislature enacted 83 Ohio Law 232, which created the Veterans Service Commission (formerly Soldiers Relief Commission) and became the philosophical cornerstone of all subsequent legislation leading to Ohio Revised Code (ORC) § 5901.

Montgomery County. The Agency also moved its service location to be more accessible to veterans and to reduce operating costs.

MCVSC operates in a manner largely compliant with legal requirements and has effective technology in place. The Agency and Commissioners have worked diligently to improve service delivery to County veterans through reduced wait times and streamlined application processes. However, despite reorganization efforts to address the internal concerns, highlighted in employee surveys conducted by MCVSC in prior years, many human resource management issues remain unresolved. Improved relationships between the Agency and its employees could help MCVSC improve service levels to area veterans.

The efficiency and effectiveness of the Agency's operations could be improved in the areas of case management and direct client services. Also, some cases have resulted in questionable decision-making by the Agency, which could impact its ability to overcome complaints about its financial assistance process. Accountability and oversight by the Commission and the Executive Director could also be improved, as could the communication between the Agency and its stakeholders. Finally, changes in the financial assistance process and an effort to redirect services from crisis intervention to self-sufficiency would yield greater long-term benefits for Montgomery County's veteran population.

Comparative Statistics

Throughout the report, MCVSC is compared to three similar sized veterans service commissions: Cuyahoga County, Franklin County, and Summit County. **Table 1-1** shows the basic operating ratios for MCVSC and the peers.

Table 1-1: Comparative Statistics, MCVSC and Peer VSCs (2003)

	MCVSC	Cuyahoga VSC	Franklin VSC	Summit VSC	Peer Average
Estimated Veterans Per County	56,863	118,103	90,707	51,090	86,633
Total Client Contacts	5,237	25,980	66,519	68,311	53,603
Ratio of Total Client Contacts to Veteran Population	1 : 10.9	1 : 4.5	1 : 1.4	1 : 0.7	1 : 2.2
Financial Assistance Applications Processed	2,160	4,917	2,600	6,182	4,566
New VA Claim Applications Filed	539	1,559	188	422	723
Average Financial Assistance Award	\$539	\$439	\$527	\$217	\$395
Revenue Generated by 0.5 Mill	\$5,038,456	\$14,403,888	\$12,385,815	\$5,961,064	\$10,916,922
Total Expenditures	\$2,239,496	\$4,215,604	\$3,085,924	\$2,580,725	\$3,294,084
Total Financial Assistance Expenditures	\$1,164,657	\$2,159,083	\$1,370,864	\$1,343,464	\$1,624,470
Expenditure per County Veteran	\$39.38	\$35.69	\$34.02	\$50.51	\$38.02
Expenditures per Veteran Served	\$427.63	\$162.26	\$46.39	\$37.78	\$61.45
Administrative Costs as a percent of expenditures	48%	49%	56%	48%	51%

Source: Governor’s Office of Veterans’ Affairs Annual Report 2003

As shown in **Table 1-1**, MCVSC has fewer veterans within its county when compared to the peer average. However, it recorded far fewer client contracts (about one-tenth) when compared to the peers. Because of the lower number of contacts, it processed fewer financial and VA assistance claims. MCVSC expended about \$2.2 million total on its operations and financial assistance (financial assistance equaled \$1.1 million) or just under half of its total available revenue. Financial assistance payments therefore equated to about one-fifth of available funds. MCVSC also approved financial assistance for about half as many veterans, but approved amounts were about 30 percent higher than the average amounts approved by the peers. Total financial assistance expenditures were in line with the peer average as were expenditures per county veteran. However expenditures per veteran served were significantly higher than the peer average due to the low number of veteran contacts and generous amounts approved. MCVSC must increase and improve its outreach activities to ensure it is reaching all eligible veterans while conducting more frequent internal audits to ensure equity and appropriateness in its financial awards. Lastly, MCVSC’s administrative costs as a percentage of all expenditures were slightly below the peer average but were still 48 percent of the revenue used by the Agency.

Objectives, Scope, and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between July 2004 and January 2005. The goal of the performance audit process was to assist the MCVSC management to optimize operational efficiencies and service levels. The ensuing recommendations comprise options that the Commission can consider in its continuing efforts to improve services to the veterans in Montgomery County. This performance audit assessed the key operations in the areas of organization and staffing, financial management, compliance, program assessment and case management, and technology. Major assessments included the following:

- MCVSC employee training, morale, policy development, goal attainment, job descriptions, organizational structure and staffing, and overall effectiveness.
- MCVSC financial records, budgeting practices, issuance of vouchers to clients, employee payroll, and leave records.
- MCVSC compliance with applicable federal, state and county laws, regulations and policies.
- MCVSC programming and the case management functions of employees who provide direct and indirect services to veterans.
- MCVSC information technology operations, including technical support staffing levels and processes, network infrastructure, hardware and software standards, professional development, security, and long-term planning/budgeting strategies.

To complete this report, auditors gathered and assessed data from various sources pertaining to the key operations, conducted interviews with MCVSC personnel, and assessed requested information from the selected comparison (peer) veteran commissions. Throughout this report, comparisons are made to three similarly sized veteran commissions. These veteran commissions include Cuyahoga County Veterans Service Commission (CCVSC); Franklin County Veterans Service Commission (FCVSC); and Summit County Veterans Service Commission (SCVSC). These veteran commissions were selected as peers based on the services offered to veterans, budget, and demographic information, such as socioeconomic data, population, veteran population, and input from MCVSC personnel. The auditors also spent time gathering and reviewing other pertinent documents, information such as state and national best practices in veteran service operations, and reports to the Governor's Office of Veterans Affairs (GOVA).

The auditors also distributed surveys to all employees and Commissioners with a 100 percent response rate. In addition, a customer survey was distributed to 60 MCVSC clients in the waiting room during various mornings and afternoons in September and October, 2004. The purpose of the survey was to obtain client feedback and perceptions of customer service and related issues. The survey solicited responses to 36 statements concerning the quality and timeliness of service provided, types of assistance needed, and demographic information. This information is presented in **Appendix 5-A**.

The performance audit process involved significant information sharing with the Commission about identified audit areas and proposed recommendations. Furthermore, periodic status meetings were held throughout the engagement to inform the Commission of key issues impacting selected areas, and share proposed recommendations for improving or enhancing operational efficiency or effectiveness. Throughout the audit process, input from the Commission was solicited and considered when assessing the selected areas and framing recommendations. Finally, the Commission was provided an opportunity to submit written comments in response to the various recommendations for inclusion in the final report.

The Auditor of State and staff express their appreciation to the MCVSC and the peer veteran commissions for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

During the course of the performance audit, several noteworthy accomplishments or best practices were noted for MCVSC. These are outlined below.

- The Montgomery County Court of Common Pleas has been actively involved in the appointing process and has developed a schedule consistent with the Ohio Revised Code requirements. The schedule enables the commission to maintain continuity of service by only having one commissioner's term expire in any given year.
- The Veteran Service Officers (VSOs) of MCVSC are better trained and more qualified as a group when compared to the statewide level of training for VSOs. All VSOs in the MCVSC office are certified and have activated access to the Federal VA Database (FVD). Only 33 of the 166 VSOs in Ohio (approximately 20 percent) are eligible to enter the FVD. The four VSOs at MCVSC represent 12 percent of certified VSOs in the State of Ohio.
- MCVSC is substantially compliant with ORC and OAC requirements.
- MCVSC increased the potential efficiency of its operations by minimizing time and costs by working with other county departments to purchase and implement new hardware and the Time Matters 5.0 software for its direct service employees.

- MCVSC has worked to improve services to veterans over the past several years. Client survey responses (shown in **Appendix 5A**) indicate that these efforts have been recognized by clients.
 - 85 percent of clients were familiar with the materials required to obtain assistance. 60 percent of clients spent less than 1 hour gathering the required information.
 - 51 percent of clients had recognized an improvement in services over the lifespan of their experience with the Agency.
 - 70 percent of clients had a scheduled appointment and 64 percent were satisfied with the scheduling process.
 - 81 percent of clients spent less than 1 hour at MCVSC accessing services.
 - 88 percent of clients indicated that aid guidelines had been explained to them.
 - On a five-point scale (five being the highest rating), MCVSC direct service workers ranked high in several categories including:
 - Courteousness (3.9) and respectfulness (4.0) to clients;
 - Knowledge of service workers (4.0) about procedures and requirements;
 - Convenience of commission hours and location (4.0 and 4.1 respectively);
 - Likelihood of returning for services (4.1);
 - Quality of service provision (4.0); and
 - Satisfaction with services and assistance (3.9).

Key Recommendations

The performance audit contains several recommendations pertaining to MCVSC. The following are the key recommendations from the report:

Organization and Staffing

- **MCVSC should reorganize its staffing to maximize the amount of time spent completing direct service functions. MCVSC should consider creating an investigator or senior financial assistance position to complete financial assistance applications and investigations¹⁻².**

¹⁻² The Agency plans to increase internal audits to fulfill the role of investigations.

- **MCVSC should take steps to address staff compensation concerns by conducting a more detailed analysis of salaries to determine the appropriateness of the current salary schedules. Designing a more effective pay system could help MCVSC address critical Agency challenges, such as recruiting and retaining top talent. Also, improved job descriptions will help employees better understand the scope of their responsibilities and address any performance issues the Agency may be facing¹⁻³.**
- **The Executive Director should continue to identify and address potential sick leave abuse by closely monitoring its use. Furthermore, the Executive Director should improve the sick leave incentive program and discuss the sick leave policy and incentive program regularly with staff. The Executive Director and Commission should address low employee morale issues which may be aggravating sick leave use. This could be achieved by improving communication between staff and leadership, ensuring the consistent application of policies and procedures, increasing training for employees, and establishing a more equitable compensation system¹⁻⁴.**
- **The Executive Director and Commission should review the Agency’s strategic plan and include employees in the process. MCSVC should ensure that it focuses on a limited number of objectives that are suitable to its mission, measurable over time, feasible in implementation, and acceptable and understandable to its stakeholders. It should also include links between objectives, financial implications, and the organization’s mission. MCVSC should also implement a comprehensive performance measurement system to be used in monitoring progress towards achieving the Agency’s goals and priorities, and the results of these measures should be considered during the planning and budgeting processes.**

Financial Management

- **MCVSC should take steps to develop a quantitative forecasting method to estimate short- and long-term changes in expenditures with a higher degree of accuracy. MCVSC management should identify key factors for major spending items that drive demand and, therefore, costs. MCVSC should develop initial models using these key factors and then revise the models in future years based upon an assessment of their accuracy¹⁻⁵.**

¹⁻³ MCVSC stated it will conduct a salary analysis and collectively bargain with its bargaining unit if changes are necessary.

¹⁻⁴ The Agency has implemented a pilot program to improve its sick leave incentive.

¹⁻⁵ MCVSC indicated that it will work with the Montgomery County Office of Management and Budget to develop and implement a forecasting methodology.

- **The Executive Director and Administrative Officer should ensure that formal policies and procedures have been developed for all financial processes. The Executive Director and Administrative Officer should prepare formal internal control objectives and should articulate the importance of internal controls in writing to employees at all levels of the Agency. Also, monitoring and oversight should be instituted in the financial assistance area to help increase the likelihood of detection, prevention and correction of errors or fraud in a timely manner¹⁻⁶.**

Compliance

- **MCVSC should develop an annual performance report similar to the VA Annual Performance and Accountability Report. The MCVSC report should convey the status of the accomplishments of the Agency in relation to its goals. A report of this type would enable MCVSC and the Montgomery County Commissioners to better understand and measure outcomes resulting from the VSC's policies and procedures, veterans' assistance, and county appropriations¹⁻⁷.**
- **The Executive Director of MCVSC should work with GOVA to ensure that appropriate codes of conduct are updated and signed each year, as required by the OAC. Copies of the updated and signed codes of conduct that are kept in the files of the respective commissioners at GOVA should also be retained in the commissioners' personnel files at MCVSC.**

Program Assessment and Case Management

- **The Executive Director should revise MCVSC's current financial assistance policy manual to require more specific documentation for employment, receipts, medical support, and employees receiving financial assistance. Through the development of more clearly defined policies, MCVSC will be better able to ensure that financial assistance is awarded only to eligible clients. The creation of specifically defined financial assistance policies, along with requiring additional supporting documentation from clients, should help to reduce the risk of fraudulent or ineligible claims that MCVSC has occasionally experienced in awarding financial assistance. In addition, the Executive Director, along with the Commission, should**

¹⁻⁶ The Agency indicated that it will develop and implement formal policies and procedures for its financial processes and will use internal audits to monitor the consistency and appropriateness of financial assistance decisions.

¹⁻⁷ During the course of the audit, the commission approved a resolution to issue an annual report beginning in 2005.

strive to create stronger incentives for veterans to seek employment and become self-sustaining¹⁻⁸.

- **MCVSC should create a decentralized financial assistance approval process that will permit employees other than the Executive Director to review and make financial assistance decisions. This revised process would increase the timeliness of the approval process. After implementing more stringent assistance guidelines, MCVSC should initially allow financial assistance specialists and veterans service officers to make financial assistance decisions which do not exceed a specific dollar amount. In addition, the Executive Director, along with the Commission, should periodically review a percentage of these cases to determine whether decisions are made are in compliance with the MCVSC's financial assistance manual.**
- **MCVSC should develop written policies and procedures to ensure that eligibility requirements contained in MCVSC's financial assistance policy manual are being met. The Executive Director and members of the Commission should meet periodically to review a sample of approved cases to determine whether financial assistance investigators and veterans service officers are making decisions that are in accordance with MCVSC's financial assistance policy manual¹⁻⁹.**
- **MCVSC should implement additional controls on assistance provided to clients to ensure that appropriate and consistent assistance decisions are made for eligible clients. Improving policies and procedures would help MCVSC reduce individual and total claims expenditures, and help to reduce both the annual increase in financial assistance appropriations and the number of budget amendments made throughout the year.**

Technology

- **MCVSC should work with the Montgomery County Data Processing Center (MCDPC) to develop a Service Level Agreement (SLA) that contains formal and explicit performance responsibilities and measures. Detailed responsibilities and performance measures will enable the Executive Director to better evaluate services provided by MCDPC and identify areas for mutual improvement¹⁻¹⁰.**
- **MCVSC should formalize its technology needs assessment process and link it to its Agency-wide strategic plan. The Executive Director should ensure that Commission**

¹⁻⁸ MCVSC developed and implemented guidelines requiring additional supporting documentation for approval of financial assistance during the course of the audit.

¹⁻⁹ The Agency began conducting audits on case files during the audit period.

¹⁻¹⁰ During the course of the audit, MCVSC worked with MCDPC to develop SLAs and back-up procedures.

members are apprised of these efforts and approve MCVSC's recommended needs assessment before submission to the MCDPC¹⁻¹¹.

- MCVSC should establish formal procedures for minimizing potential computer disruptions by developing a disaster recovery plan. These procedures should be updated regularly and annually tested to ensure employee awareness. MCVSC's disaster recovery plan should provide for the availability of critical computer and communications systems in the event of a major crisis. MCVSC should work with MCDPC in developing its disaster recovery plan¹⁻¹².
- MCVSC should develop documented internal control procedures to ensure appropriate accountability over the technology area, while minimizing risk to the organization.

Additional Findings and Recommendations

Organization and Staffing

- The Administrative Officer should ensure that personnel files are maintained properly and in accordance with human resources best practices and federal laws. MCVSC should ensure that newly hired staff complete I-9 forms in accordance with federal law and that documentation of the hiring process, training, and evaluations be maintained in the personnel file¹⁻¹³.
- The Executive Director and Commission should implement a comprehensive performance measurement system to monitor progress towards achieving the Agency's goals and priorities, and the results of these measures should be considered during the planning and budgeting processes (see the finance section).
- The Agency should add diversity, employment-at-will, media relations, and exit interviews policies to its policy manual. The policy manual should be reviewed regularly to ensure that policies are still applicable to the activities of MCVSC.
- The Commission should address staff development, employee relations, and financial assistance decision-making to help improve Agency operations. Additionally, the Executive Director and Commission should develop an orientation program that informs

¹⁻¹¹ MCVSC indicated that this will be incorporated into its strategic planning process.

¹⁻¹² The Agency began working with MCDPC to develop a disaster recovery plan.

¹⁻¹³ MCVSC indicated that it will implement procedures to ensure new employee files contain all required documents.

new commissioners of state requirements, Agency policies, and governance responsibilities.

- MCVSC should seek to renegotiate the sick leave provision to reduce the maximum amount of sick leave hours paid out to staff at retirement from 480 hours to 280 hours. Decreasing the number of hours would reduce the long-term financial liability incurred by MCVSC.
- The Commission should improve staff training by developing training goals based on an employee driven training plan or Individual Development Plans (IDP) developed by each employee¹⁻¹⁴.
- The Executive Director and the Commission should continue to update MCVSC's job descriptions as job duties change, and should develop a formal schedule for reviewing job descriptions annually at commission meetings. Up-to-date job descriptions would lead to a greater understanding of job functions, expectations, and responsibilities and help in achieving management's goals¹⁻¹⁵.
- The Executive Director should work with the Commission to improve the performance evaluation process by providing specific performance expectations based on job descriptions for all employees and updating the evaluation form to add additional key measures.
- The Executive Director and Commission should ensure that a labor-management committee is functioning in accordance with the labor agreement¹⁻¹⁶.

Financial Management

- MCVSC should develop a strategic budget in conjunction with its updating of the strategic plan (See Organization and Staffing) to include specific objectives and financial impacts. Effective strategic budgeting and planning will enable MCVSC to align its funding allocations with strategic goals instead of historical funding levels, and more effectively accomplish its mission. MCVSC should consider using the model adopted by Franklin County.

¹⁻¹⁴ The Agency indicated that it was developing policies to address employee development.

¹⁻¹⁵ MCVSC began work on updating job descriptions in March of 2005.

¹⁻¹⁶ During the course of the audit, the Agency took steps to form a Union-Management Meeting Team comprised of representatives of employees and management personnel. The team met in March.

Funding requirements should be identified to accomplish the goals outlined in the strategic plan (see Organization and Staffing), and performance measures should be evaluated, assessed and reported in a manner to coincide with the mission of MCVSC.

All management personnel, and any other employees with responsibility for developing or monitoring budgets, should be trained on the principles of strategic budgeting, including the development of performance plans and the implementation of effective measurement processes to validate and verify performance criteria.

- The Executive Director should streamline MCVSC's finance functions by having one full-time position primarily responsible for financial functions in conjunction with the Executive Director, as is the practice among the peers. This will eliminate overlaps in the job requirements, allow for more efficient distribution of responsibilities, and minimize downtime. The Executive Director should ensure that a person with sufficient training in human resources and financial matters fills the position.
- MCVSC should adopt a policy to diversify its revenues through grant research, writing, and application. The policy would provide MCVSC with the opportunity to seek additional funding sources and encourage the development of new and creative programs to serve the needs of Montgomery County veterans.
- The Executive Director and Commission should ensure that all capital purchases are effectively planned and included in the budgetary process. MCVSC should justify the cost with historical information and develop plans for future enhancements of services or programs.
- MCVSC should ensure that it maintains meeting minutes consistent with the Sunshine Law (ORC 5901.09). It should also ensure that, when in executive session to make financial assistance determinations, the Commission records the actual vote for or against the granting of assistance.

Compliance

- MCVSC should establish policies and procedures to ensure current and reliable training and qualification information is maintained for its Commission and staff. The information should be used to provide a timely and accurate assessment of training needs for the Commission and staff.

- Montgomery County should update Resolution 02-1474 to reflect modifications to the population thresholds in the Revised Code¹⁻¹⁷.

Program Assessment and Case Management

- MCVSC should consider advertising to reach potential clients. MCVSC should also develop a method to determine the effectiveness of the chosen advertising medium, such as surveying first-time clients about how they heard about the Agency. MCVSC should routinely review this information to ascertain whether the selected advertising medium is proving effective.
- MCVSC should develop a formal written policy regarding the issuance of an annual report. This annual report should include comparative program operating statistics from the current and previous year(s). An annual report will also ensure that MCVSC is regularly compiling information which can be used by the Commission for monitoring and oversight. The report should be linked to the performance measures in its strategic plan and should include all financial assistance expenditures by assistance category. This will enable MCVSC to identify and track historical costs and should be used as a tool to capture accomplishments throughout the year(s)¹⁻¹⁸.
- The Executive Director should assume responsibility for the outreach program and assign the outreach employee the task of completing financial assistance applications 100 percent of the time. The Executive Director can then begin to establish a relationship between the Agency and external organizations and community leaders. The creation of this relationship with external entities will allow MCVSC to network with other agencies providing social service assistance, and should reduce the reliance of repeat clients on MCVSC services.
- The Executive Director should develop a formal policy which highlights the importance and the expectations of a written referral policy. Staff members should be taught how to document referrals and the number of referrals should be reviewed monthly and included in MCVSC's annual report.
- MCVSC should use the recommendations in this section to improve efficiency within its direct client service operations. It should also reassign its outreach worker entirely to financial assistance. This will increase efficiency and the number of cases processed by MCVSC and provides greater opportunities to educate clients about alternative services

¹⁻¹⁷ The Agency and County personnel indicated that this ordinance would be amended.

¹⁻¹⁸ During the course of the audit, the commission approved a resolution to publish an annual report beginning in 2005.

available. Similarly, it will help MCVSC direct clients to employment and educational opportunities to increase self-sufficiency and decrease the level of assistance claims.

Technology

- MCVSC should develop a record retention policy similar to the Ohio Historical Society (OHS) methodology. MCVSC should determine which files do not have long-term value, such as outdated receipts and client applications, and which files have long-term administrative value, including DD-214 discharge papers¹⁻¹⁹.
- MCVSC should incorporate technology instruction into its training program. Incorporating technology into an effective training program should improve the efficiency and effectiveness of its employees and better enable MCVSC to achieve its mission and goals¹⁻²⁰.
- MCVSC should take steps to train a back-up for the technology support position or should coordinate with the County Public Defenders Office on Time Matters 5.0 software and other technology responsibilities. A back up is critical in the event the current financial assistant specialist/information technology support administrator is absent or otherwise unable to perform those responsibilities¹⁻²¹.

¹⁻¹⁹ The Agency implemented this recommendation during the audit.

¹⁻²⁰ MCVSC indicated that this would be incorporated into its SLA and employee development policies.

¹⁻²¹ The Agency indicated that this will be incorporated into the SLA and it will work with MCDPC to implement the recommendation.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that MCVSC should consider. Some of the recommendations are dependent on labor negotiations or labor agreements. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Table 1-2: Summary of Financial Implications

Recommendations from Sections	Annual Cost Avoidance	Implementation Cost
<i>Organization & Staffing</i>		
R2.1 Create a new position with supervisory capacity over the VSO's and Financial Assistance Specialist.		\$52,000
R2.2 Increase salaries and benefits to be more comparable to peers.		\$56,824
R2.12 Renegotiate payout provision for retiring employees.	\$2,308	
<i>Technology</i>		
R5.5 Incorporate technology instruction into the training program		\$2,000
R5.6 Train a back-up for the technology support position		\$500
Total	\$2,308	\$111,324

Source: AOS Recommendations

Organization and Staffing

Background

This section of the report assesses the organizational structure, staffing, and personnel practices of the Montgomery County Veterans Service Commission (MCVSC). To assess organizational issues, AOS surveyed MCVSC employees regarding training, morale, policy development, goal attainment, job descriptions, organizational structure and staffing, and the overall effectiveness of MCVSC. References to the survey results are made throughout this section. In addition, Cuyahoga County Veterans Service Commission (CCVSC), Franklin County Veterans Service Commission (FCVSC), and Summit County Veterans Service Commission (SCVSC) operating procedures, operational statistics, and demographic data are used for comparison purposes to help identify areas where additional efficiencies may be achieved at MCVSC.

MCVSC differs from the other Ohio Veterans Service commissions in that it has eleven commissioners rather than the usual five. ORC § 5901.021 states

“In any county in which the veterans service commission submits a budget request for the ensuing fiscal year that exceeds twenty-five-thousandths of one per cent of the assessed value of property in the county or the amount appropriated to the commission from the county general fund in the current fiscal year by more than ten per cent of that appropriation, the board of county commissioners, by resolution, may create not more than six memberships on the veterans service commission in addition to the memberships. The board shall prescribe the number of years the additional memberships shall exist, which shall not exceed five years.”

At MCVSC, six commissioners are appointed by the County Board of Commissioners pursuant to County Resolution 02-1474 passed on August 20, 2002, and five of the commissioners are appointed to five-year terms by the judges of the Montgomery County Court of Common Pleas. Each commissioner must be a resident of Montgomery County and an honorably discharged or honorably separated veteran.

MCVSC operates with a staff of 13 that work 37.5 hours per week. Staffing has been adjusted to reflect full-time equivalents (FTE) for a 40 hour work week. Based on these adjustments MCVSC operated with an 11.7 full-time equivalent employees (FTEs) divided into two units: administration and direct service. The administrative section is responsible for recruiting and hiring employees, monitoring and administering payroll, maintaining personnel files, purchasing supplies, preparing budget documents, submitting vouchers, taking minutes for commissioner meetings, maintaining records, and completing general intake. The direct service functions are shared by the remaining three sections, which have the following responsibilities:

- **Veteran Services Officers (VSO):** complete and process all Department of Veteran Affairs (VA) assistance applications for federal assistance and may also complete applications for financial assistance.
- **Financial Assistance Specialists:** screen applicants and investigate cases for financial assistance using local revenue, and review food, transportation and clothing voucher requests.
- **Outreach Employees:** link veterans with training and job search groups, make presentations to veteran service groups and nursing homes about available benefits and services, and work with unemployed veterans to assist in job placement.

During the course of the audit, AOS interviewed members of the staff, reviewed personnel files, and conducted an employee survey to help identify Agency organizational and staffing concerns (see **Appendix 2-A**). Also, MCVSC had previously conducted two employee surveys in October 2002 and January 2003. The results of these surveys indicated poor morale, poorly defined Agency goals, undefined standards for job performance, and a poor working relationship between management and staff. The surveys also indicated that VSOs had limited responsibility and authority and did not have policies or guidelines for determining financial assistance to clients. MCVSC implemented a plan to remedy these issues including: developing a mission statement; writing a strategic plan; improving the organizational structure and roles and responsibilities of managers; developing standards for performance for each position; developing a policy/procedure manual for financial assistance; and initiating employee team building. However, the results of the AOS interviews and survey found many of these concerns still existed at MCVSC. These issues have been included in the report.

Findings and Recommendations

R2.1 MCVSC should reorganize its staffing to maximize the amount of time spent completing direct service functions. MCVSC should consider creating an investigator or senior financial assistance position to complete financial assistance applications and investigations²⁻¹. Creating an additional position would help MCVSC process veterans' requests for financial assistance in a more timely manner and help to ensure better fraud prevention (see R5.2).

The Agency began to conduct investigation activities through random internal audits during the course of the audit.

MCVSC's staffing allocation in financial assistance may not best meet the needs of the veterans being served or the Agency. **Table 2-1** shows the FTE staffing levels and workload ratios for MCVSC and its peers.

²⁻¹ Outreach functions could be transferred to the Executive Director as described in the program assessment and case management section.

Table 2-1: Current FTE Staffing Levels

Positions	Montgomery VSC ¹	Cuyahoga VSC ¹	Franklin VSC	Summit VSC ²	Peer Average
Executive Director	0.9	0.9	1.0	0.9	0.9
Assistant Executive Director	0.0	0.0	0.0	0.9	0.3
Supervisors ³	0.9	3.6	1.0	0.0	1.5
Total Administrative	1.8	4.5	2.0	1.8	2.8
Secretarial/ Records	0.8	1.8	2.0	0.9	1.6
Receptionist	1.0	0.0	1.0	0.9	0.6
Clerk/Typist/TP clerk	0.0	0.9	1.0	0.0	0.6
Client Service Personnel	0.5	0.0	0.0	0.0	0.0
Total Support Staff	2.3	2.7	4.0	1.8	2.8
VSO (Federal Claims)	2.5	4.5 ⁴	3.5 ⁴	2.4 ⁴	3.5
Investigators	0.0	1.8 ⁵	4.0 ⁵	1.4	2.4
Driver	0.0	0.0	0.0	0.5	0.2
VSO (Financial Asst.)	1.1	0.06	0.0 ⁶	4.1	1.4
Financial Assistance Specialist/Intake	2.8	5.8	2.6	1.5	3.3
Total Direct Service Staff	6.4	12.1	10.0	9.9	10.7
Accountant/Payment processors	0.9	1.8	1.0	0.9	1.2
Total Financial Staff	0.9	1.8	1.0	0.9	1.2
Computer Support Specialist	0.4	1.8	0.0	0.9	0.9
Total Technology Staff	0.4	1.8	0.0	0.9	0.9
Total Staffing	11.7	22.9	17.0	15.3	17.5

Source: MCVSC and peer organizational charts and interviews.

¹Montgomery and Cuyahoga County VSC work 37.5 hour weeks, but have been adjusted to a 40 hour week.

²Summit VSC work 35 hour weeks, but have been adjusted to a 40 hour week.

³The supervisor category consists of the various administrators and managers.

⁴Includes veteran service managers/supervisors counted as service officers for a more accurate workload ratio.

⁵Includes financial assistance investigators/supervisors counted as investigators so more accurate workload ratio could be calculated.

⁶Duty is exclusively done by financial assistance staff.

As seen in **Table 2-1**, MCVSC’s overall staffing levels are 33 percent lower than the peer average. While MCVSC’s staffing levels are lower in administrative, support and financial staff areas in comparison to the peer average, once the highest peer is removed, MCVSC’s staffing levels are consistent with the revised peer average. Therefore, the greater difference in total staffing for MCVSC compared to the peer average is in the technology and direct service staff areas. MCVSC employs a financial assistance specialist/information technology support administrator who allocates 60 percent of his time to financial assistance and 40 percent to technology. Investigation duties are performed by the financial assistance staff while processing the applications.

MCVSC currently has 0.4 FTE devoted to its technology, while peers have allocated staff to this area, which accounts for a 56 percent difference in staffing (see **Technology** section for further discussion). This lower staffing may be driven by the use of the Montgomery County Data center and their information technology support services.

MCVSC also has 40 percent fewer veteran services officer FTEs for VA claims assistance compared to the peer average, and 47 percent fewer financial assistance FTEs compared to the peer average.

Table 2-2 compares MCVSC’s 2003 workload measures to the peers. The data used for the workload analysis was obtained from the MCVSC and peers’ Governor’s Office of Veterans Affairs (GOVA) reports and are presented without verification.

Table 2-2: 2003 Direct Staff Workload Analysis

Measures	Montgomery VSC	Cuyahoga VSC	Franklin VSC	Summit VSC	Peer Average
Estimated Veterans Per County¹	56,863	118,103	90,707	51,090	70,899
Direct Staff FTE Per 1,000 Estimated Veterans	4.8	5.2	5.3	3.3	4.1
New VA Claim Applications Filed	539	1,559	188	422	723
Financial Assistance Applications Processed	2,160	4,917	2,600	6,182	4,566
Total Applications	2,699	6,476	2,788	6,604	5,289
VA Claim Applications Filed Per VSO Staff FTE	214	346	54	174	192
Financial Assistance Applications Processed Per staff financial assistance FTE²	558	647	397	828	634
Client Service Days Per Year	260	260	260	260	260
Total VA claims per VSO FTE per day	0.8	1.3	0.2	0.7	0.8
Total financial assistance applications processed per Financial Assistance FTE per day	2.1	2.5	1.5	3.2	2.4

Source: MCVSC and Peer GOVA Reports, and Interviews

¹Population totals were taken from a study conducted by the Office of the Actuary, Office of Policy and Planning Department of Veteran Affairs.

²The financial assistance FTE includes investigators, drivers, VSO (financial), and financial assistance specialists.

Table 2-2 indicates that MCVSC’s workload is comparable to the peers in some areas and lower than the peers in others, although MCVSC has 17 percent higher FTE staffing levels per 1000 veterans than the peer average. MCVSC’s currently processes 2 percent more VA claims per VA FTE than the peer average, although it has 29 percent fewer staff. However, MCVSC currently processes 12 percent fewer financial assistance applications per financial assistance FTE than the peer average and it has 47 percent

fewer financial assistance staff than the peers. The financial assistance indicators suggests that staffing adjustments could be achieved by reorganizing staffing so that all financial assistance staff spend 100 percent of the day completing financial assistance applications. This would improve the timeliness of financial decision-making and help MCVSC better detect and prevent fraud.

If, as described in **R5.6**, the outreach functions were transferred to the Executive Director, and approvals were done by financial assistance staff instead of the director (see **R5.1**), the outreach coordinator could be reclassified as a full-time financial assistance person. This would allow for more staff in the financial assistance area, and would also help cases move more quickly through the system. This reclassification would increase MCVSC's total financial staffing FTEs to 6.8, but staffing would remain significantly lower than the peer average.

MCVSC's investigation functions are completed by financial assistance staff, while at FCVSC, SCVSC, and CCVSC investigations are completed by another staff person. By separating these functions, the peers have a mechanism to reduce the risk of fraud and abuse while providing oversight and monitoring. In addition, the MCVSC Classification and Compensation Study conducted in 2003 also recommended creating a position to complete investigations, provide technical computer assistance, and assist in outreach while devoting 75 percent of the time to financial assistance functions. Filling this position with a supervisory level financial assistance employee would allow MCVSC to concentrate one employee's attention on verifying financial needs and required documents while providing other financial assistance personnel with additional time to promote veterans self-sufficiency (see **R5.9**).

Financial implication: MCVSC would incur approximately \$52,000 in additional salary and benefit costs by expanding its staff by one supervisory level employee.

R2.2 MCVSC should take steps to address staff compensation concerns by conducting a more detailed analysis of salaries to determine the appropriateness of the current salary schedules. As part of the review, MCVSC should survey other Veteran Service Commissions (VSCs) concerning minimum and maximum salary ranges, and responsibilities for each position.

Designing a more effective pay system could help MCVSC address critical Agency challenges, such as recruiting and retaining top talent. Furthermore, MCVSC could better address morale issues by offering pay comparable to other VSC's for similar duties, which should lead to increases in productivity and service to veterans. Lastly, improved job descriptions (see **R2.9) will help employees better understand the scope of their responsibilities and address any performance issues the Agency may be facing.**

The Agency indicated that the Executive Director and Administrative Officer will review salaries and, if necessary, work with the bargaining unit to increase pay equity.

In the AOS employee survey, 64 percent of MCVSC employee respondents indicated that they did not feel salaries were set at a fair market rate. MCVSC’s salary levels and ranges are below peer averages in many categories. **Table 2-3a** compares MCVSC’s actual salary levels from FY 2004 to those of the peers. Comparisons are made by the position or type of work being done and include a cost of doing business adjustment for each county.

Table 2-3a: FY 2004 Actual Hourly Rate Analysis¹

	MCVSC	CCVSC	FCVSC	SCVSC	Peer Average	Wage Difference
Administrative Officer	\$22.95	N/A ²	\$16.37	\$34.10	\$25.24	(\$2.29)
Receptionist	\$9.24	N/A ²	\$10.37	\$10.51	\$10.44	(\$1.20)
Accountant	\$13.14	\$28.00	N/A ²	\$17.51	\$22.75	(\$9.61)
Financial Assistance Specialist	\$12.19	\$12.63	\$14.00 ³	\$15.56	\$14.07	(\$1.88)
Veteran Service Officer	\$18.20	\$16.11	\$15.62 ³	\$16.83	\$16.19	\$2.01
Outreach Coordinator	\$12.85	N/A ²	N/A ²	N/A ²	N/A	N/A
Records Clerk	\$13.80	\$17.82	\$11.97	\$9.95	\$9.95	\$0.56
Information	\$13.80	\$21.39	N/A	\$13.90	\$13.90	(\$3.84)
Executive Director	\$32.19	\$44.04	\$30.30	\$34.10	\$34.10	(\$3.95)

Source: MCVSC and peers

¹ Rate adjustments include cost of doing business factor and are determined by dividing the sum of actual salaries paid in each category by the number of staff in each category.

²Peers do not have this classification.

³Staff that complete Management functions were eliminated for comparison purposes.

Based on data presented in **Table 2-3a**, the overall weighted average hourly rate at MCVSC is approximately 9 percent lower than the peer average and all salaries are lower than the peer average, except the VSO records Clerk and Outreach Coordinator. The higher salaries in these positions are driven by additional duties that have been added for these positions, the longevity of the personnel holding the positions, and the fact that the other VSCs don’t have an Outreach Coordinator. Instead, the Executive Director performs those duties.

Table 2-3b compares hourly rate ranges for MCVSC to the salaries found at the peers. Comparisons are made by position or type of work being done and include a cost of doing business adjustment based on each county’s economic climate.

Table 2-3b: 2004 Minimum and Maximum Hourly Rate Range Analysis

	MCVSC	CCVSC ¹	FCVSC	SCVSC	Peer Average
Administrative Assistant	\$23.99	N/A ¹	\$13.26-\$18.56	N/A ²	N/A ²
Receptionist	\$9.66-\$12.32	N/A ¹	\$11.11-\$14.67	\$10.49-\$13.17	\$10.80-\$13.92
Accountant	\$12.42-\$15.17	N/A ¹	N/A ²	\$18.46-\$22.15	N/A ²
Financial Assistance Specialist	\$12.42- \$15.17	N/A ¹	\$13.57-\$22.26	\$13.57-\$15.16	\$13.57-\$18.71
Veteran Service Officer	\$14.07-\$19.02	N/A ¹	\$14.50-\$22.51	\$18.27-\$20.11	\$16.4-\$21.31
Outreach Coordinator	\$10.75-\$13.51	N/A ¹	N/A ²	N/A ²	N/A ²
Records Clerk	\$12.42-\$15.17	N/A ¹	\$11.92-\$15.50	\$10.49-\$13.17	\$11.21-\$14.34
Information Technology	N/A ³	N/A ¹	N/A ²	\$13.68-\$22.15	N/A ²
Executive Director	\$33.65	N/A ¹	\$26.22-\$36.85	\$31.33- \$41.68	\$28.78-\$39.27
Agency Weighted Average Hourly Salary	\$16.49	\$20.59	\$15.75	\$18.21	\$18.18

Source: FCVSC and peer salary scales

Note: Weighted salary amounts include the cost of doing business factor for each county and are determined by dividing the sum of actual salaries paid in each category by the number of staff in each category.

¹CCVSC did not provide salary range information for these classifications.

²The VSC does not have this classification, therefore ranges and peer averages could not be calculated.

³This person spends time completing financial assistance and computer functions. Therefore no range has been set for computer functions alone.

Based on **Table 2-3b**, MCVSC’s minimum and maximum salary ranges are set lower than the peer average in every job classification except for service officer and records clerk. In FY 2003, a classification and compensation study was completed for MCVSC, which resulted in a recommendation to develop additional classifications, and to adjust bargaining unit salary ranges. However, these changes were not made due to changes in Agency administration. The new classifications suggested in the 2003 study were as follows:

- **Senior veteran service officer:** responsible for completing veteran assistance and financial assistance applications 50 percent of the time, and would also provide technical advice, complete training and prepare reports (see also **R2.1**).
- **Senior veteran specialist:** responsible for performing financial specialist duties, completing financial assistance investigations, providing computer assistance and outreach as needed.
- **Accounting specialists:** responsible for performing all accounting and related functions for providing assistance to veterans.

Currently, the senior VSO position has not been developed and these functions are being completed by staff. Furthermore, no separate position exists at MCVSC to complete the investigations of financial assistance applications as is done in FCVSC, CCVSC and SCVSC. (See **R2.1 and program assessment and case management section.**) Lastly, the accountant at MCVSC does not complete the financial functions completed in SCVSC, which accounts for a lower salary and salary range (see **financial section**). However, other factors can affect an employee's total compensation package, such as length of service, actual job duties performed and benefit packages, which are not addressed in this analysis.

Without an equitable and effective pay system that links to program outcomes, MCVSC does not have a mechanism to reinforce good performance or ensure equity in pay. This may lead to a decline in productivity and customer service. Although revising classifications and salaries might create an additional cost for the Agency, the impact would be lessened by the low staffing levels currently employed by MCVSC (See also **R2.9.**)

Financial implication: MCVSC would incur approximately \$56,824 in additional salary and benefit costs by increasing MCVSC staff salaries to meet the peer weighted averages on a position by position basis.

R2.3 The Administrative Officer should ensure that personnel files are maintained properly and in accordance with human resources best practices and federal laws. MCVSC should ensure that newly hired staff complete I-9 forms in accordance with federal law and that documentation of the hiring process (application, resume, job description decisions, salary information, orientation etc.), training, and evaluations is maintained in the personnel file. Maintaining human resource records that contain essential elements will help MCVSC better manage its human resources policies and provide documentation for core human resources activities.

I-9, medical group coverage, and worker's compensation information that can contain potentially confidential information, should be maintained in a separate employee file. Separating potentially confidential information may help to reduce MCVSC's potential for grievances and law suits in the future.

Lastly, the Executive Director should educate all staff regarding employee confidentially rights and access to employee records. This will help ensure that MCVSC does not face human resources related complaints in the future.

MCVSC indicated that future new hire files will contain all required information and that confidential information has been separated from personnel file information.

MCVSC’s personnel files do not contain essential employee documents. However, they contain information that may be confidential. **Table 2-3b** shows the results of the AOS personnel file review which is based on best practices in human resources documentation management.

Table 2-3c: Personnel File Checklist Results

General Review of File Maintenance		
Item	Included	Missing
Employment Application Form	2	11
Job Description	1	12
Attendance /Vacation information	0	13
Hire date	12	1
Salary History	13	0
W-2 Form (documentation kept by the County)	0	13
W-4 Form	0	13
Drug Test results	0	13
Background Check	0	13
I-9 (immigration) Documentation	0	13
Employee offer letter	3	10
Signed Acknowledgment forms of Review of Company Policies and Receipt of Handbook, Internet Policy and Ethics Statement	13 internet/e-mail 0 acknowledgement of policies 0 ethics statements	0 internet/e-mail 13 acknowledgement of policies 0 ethics statement
Employee Resume	10	3
DD-214 Documentation (Army discharge)	13	0
Hire decision documentation	0	13
Performance Evaluation forms	13 had form, but were not consistent with policies	0 without form
Training documentation	1	12
Membership Documentation	0	13

Source: Business and Legal Reports and MCVSC

Table 2-3b illustrates the following performance issues related to the human resources documentation maintained by MCVSC:

- Twelve of thirteen files did not contain job descriptions. This indicates that job expectations may not have been communicated to staff in an effective manner.
- All files lacked selection criteria such as applications and documentation of the decision to hire. This indicates that a uniform selection process may not be in place to select staff.
- One of thirteen files had training documentation. This, and information from the employee survey, suggests that employees do not receive annual training to

improve customer service and other skills to meet the needs of the veteran population (see **R2.8**).

- Performance evaluations have not been completed consistently for all staff dating back to the date of hire. This indicates that management is not providing regular feedback to staff (see **R2.10**).
- All thirteen files were missing eligibility verification documents (I-9 forms). Specifically, neither MCVSC nor the County requires staff to complete I-9 forms as required under the Immigration Reform and Control Act of 1986²⁻².
- Also, three of thirteen files contained personal or potentially confidential information. According to Business and Legal Reports (2003) it is generally recommended that I-9, medical, group health coverage, and worker's compensation information be maintained apart from the personnel file because they may indicate age, alien status, disability, marital status, or may lead to retaliation for filing a worker's compensation claim. The inclusion of these items may potentially provide support for claims by the employee. (MCVSC stated these items were removed during the course of the audit.)

Effective documentation practices require information relevant to job performance be kept in one file, separate from personal information that is not relevant to job performance. By not following these best practices, MCVSC could potentially violate state or federal laws and create opportunities for complaints and grievances. MCVSC could update its employee files without incurring additional costs through requesting appropriate documentation from each employee and segregating potentially confidential information from the employees' primary personnel files.

R2.4 The Executive Director should continue to identify and address potential sick leave abuse by closely monitoring sick leave use. The Executive Director should require staff with long term illnesses to provide medical documentation of their health status and the documentation should be maintained in the confidential personnel files. Furthermore, the Executive Director should improve the sick leave incentive program by using one similar to FCVSC's and discuss the sick leave policy and incentive program regularly with staff. Opportunities should be created to allow staff to provide feedback on ways to reduce sick leave use. Updates about the policy

²⁻² Anyone hired to perform labor or services after November 6, 1986 must complete an I-9 form. The employer must also request two forms of evidence to verify the identity and employment of anyone to be hired. Employers may be audited by the Immigration and Naturalization Services (INS) to determine whether employment I-9 documents are maintained. Employers who fail to complete and/or retain the I-9 forms may be subject to fines ranging from \$250 to \$10,000.

and its benefits should also be communicated periodically to help promote the use of the sick leave incentive.

Furthermore, the Executive Director and Commission should address low employee morale issues which may be contributing to sick leave use. This can be achieved by using some of the following suggestions:

- A. *Improve communication between staff and leadership.* This can be achieved by establishing a labor management committee in accordance with the labor agreement (see R2.13). In addition management should improve the current communication system for conveying information to employees about changes in policies, procedures, requirements, and job duties that affect their work through monthly staff meetings so that issues can be discussed and internal training sessions can be held. By establishing regular dialogue with the staff, and the labor-management committee meetings, management can promote employee well-being, increase employee involvement in operational issues, and improve communication and morale.
- B. *Improve and ensure the consistent application of operational policies and procedures (See R2.13), and the administration of financial assistance (see program assessment and case management section).*
- C. *Increase training for employees, and use individual development plans (IDP) to focus training to meet the needs of all employees. (See R2.8)*
- D. *Establish a more equitable compensation system. (See R2.2)*

During the course of the audit, the Agency developed a pilot incentive program to buy back sick leave from employees. The program will be tested for one year and the efficiency evaluated before being formally implemented.

MCVSC employees used a significant amount of sick leave from FY 2003 to FY 2004. **Table 2-4** illustrates the number of sick days used per employee for FY 2003 and FY 2004 for MCVSC and half of 2004 for the peers.

Table 2-4: Sick Leave Comparison

	MCVSC		CCVSC		FCVSC		SCVSC		Peer Average	
	FY 2003	FY 2004 ¹	FY 2003	FY 2004 ¹	FY 2003	FY 2004 ¹	FY 2003	FY 2004 ¹	FY 2003	FY 2004 ¹
Total sick Hours Used	1,005.0	1,340.5	1,885.0	1,604.6	1,497.0	1,866.6	1,275.0	1,874.2	1,552.0	1,781.8
No. of Employees	13.0	13.0	23.0	25.0	16.0	16.0	20.0	20.0	19.7	20.3
Sick Leave Hours Used per Employee	77.3	103.1	82.0	64.2	93.6	116.7	63.7	93.7	78.9	87.6
Number Sick Leave Days Used Per Employee	9.7	12.9	10.2	8.0	11.7	14.6	8.0	11.7	9.9	11.0

Source: MCVSC and peer statistics

¹ Peer information includes sick leave used up to June 30, 2004, multiplied by 2 to prorate amounts for the entire year. MCVSC information is actual 2004 sick leave totals through December 31, 2004.

As seen in **Table 2-4**, MCVSC employee sick leave usage has increased from FY 2003 and is higher than the peer average for FY 2004. While the number of sick days taken by MCVSC employees is consistent with the peer average for FY 2003, it is problematic for MCVSC, since it has significantly fewer direct service staff than the peers, this effects MCVSC’s ability to have an employee cover an absent employee’s clients and process new applications.

MCVSC’s high sick leave usage is caused by several factors. First, high levels of sick leave usage are partially a result of several employees experiencing long term illnesses. While this explains some of the sick leave usage, it does not account for all cases, as many employees do not have documentation of illnesses recorded in their personnel files.

MCVSC does not have a formal written sick leave incentive to discourage sick leave use. MCVSC awards an additional personal day to staff that has not used a sick day in a year, but it does not allow staff to cash out unused sick leave or provide any other sick leave incentive. FCVSC, on the other hand, follows Franklin County’s sick leave conversion/wellness incentive program in which eligible employees can convert a specific amount of accrued, unused sick leave for a cash pay out, or to an equal number of personal leave hours. This policy provides an extra incentive to staff to accumulate sick leave hours instead of using them.

A final contributing factor to high sick leave usage rates is low employee morale. This issue was expressed in the AOS employee survey by nearly 55 percent of MCVSC employees. Furthermore, 42 percent of employees indicated dissatisfaction with their jobs. Respondents cite poor communication, unfair filing of grievances, favoritism, and

ineffective leadership as reasons for their poor morale. Additional issues affecting employee morale were expressed in the employee survey as follows:

- 33 percent of respondents do not feel they are treated with dignity and respect.
- 50 percent of respondents do not feel they have an opportunity to suggest changes that are then adopted or implemented.
- 30 percent of respondents feel grievance procedures are unfair and ineffective.
- 42 percent of respondents feel MCVSC's discipline procedure is unfair and another 25 percent are neutral on the issue; and
- 63 percent of respondents do not feel the salary they receive is at a fair market rate (see **R2.2**).

These responses may be a result of several factors. Poor communication and a lack of trust amongst employees at MCVSC may be the result of views that staff is treated inconsistently. This mistrust and poor communication was especially noted between veteran service officers and financial assistance staff, which is reinforced by the veteran service officers being the only group of employees who are allowed to attend regular external training sessions (see **R2.8**). Also, inconsistent staff meetings, and limited opportunities for employee input and access to the Commission have led to staff feeling as though they are without a forum to discuss employee problems. The interviews with the Commissioners also noted that there is very little interaction with the staff and that staff are required to communicate through the Executive Director. Lastly, poor communication and inconsistency in the application of policies has led to employees feeling poorly respected by upper management. This is reflected in the responses from employees ranking management and commission leadership as poor in a large number of cases. All of these factors have resulted in staff being less enthusiastic about their work and may have contributed to the high use of sick leave.

According to a Business and Legal Reports 2003 article entitled "Is Your Company's Absence Control AWOL?," sick leave abuse can result in several apparent and hidden costs to an employer including: loss of productivity of the absent worker and decreased productivity for overworked employees.

Addressing morale issues through increased employee participation, greater consistency, and improved management/labor relations could help MCVSC not only reduce sick leave use but also improve service levels to its clientele. Requiring medical documentation of illnesses and creating an improved sick leave incentive program may help to reduce the high rate of sick leave use at MCVSC.

R2.5 The Executive Director and Commission should review the Agency's strategic plan and include employees in the process. MCSVC should ensure that it focuses on a limited number of objectives that are suitable to its mission, measurable over time,

feasible, and acceptable and understandable to its stakeholders. It should also include links between objectives, financial implications, and the organization's mission. By using objectives that meet these criteria, MCVSC can develop specific strategies and timelines for achieving objectives and implementing changes.

In revising the strategic plan, the Executive Director and Commission should also ensure that the needs of veterans and stakeholders are adequately addressed and that the plan provides both sufficient direction and detail to effectively guide the Agency's operations. The goals and objectives identified in the plan should also be linked to the budget (see Finance section) and performance measures as a means of determining effectiveness.

MCVSC developed a strategic plan in November of 2002 and it is consistently reviewing and changing the plan based on the organization's goals. The creation of the plan was one result of an internal survey of MCVSC staff, and was created by the Executive Director and Commission with limited input from the staff. The strategic plan was later used to develop a marketing plan in November of 2003, which includes tasks to be completed, priority levels, and established target dates for completion for the area of marketing. While some staff input went into the development of the strategic plan, the overall goals of the Agency do not appear to have been effectively communicated to staff. Nearly 50 percent of the AOS employee survey respondents feel that clear goals regarding the direction of MCVSC have not been communicated and indicated that they do not understand how their job fits into the goals and mission of MCVSC.

In the book *A Step-by Step Guide: Strategic Planning, What Every Manager Must Know*, (Steiner, 1997), the author notes 10 criteria that should be evident in effective objectives:

1. **Suitable** -- Achievement of the objective must support the organizations basic purposes and mission.
2. **Measurable over time** -- Objectives should state what is expected to happen in concrete terms and when.
3. **Feasible** -- Objectives should be possible to achieve.
4. **Acceptable** -- Objectives should be acceptable by the people in the organization it self, and the willingness of the company to incur the cost that the objectives achievement may entail.
5. **Flexible** -- It should be possible to modify the objective in light of unforeseen emergencies.

6. **Motivating** -- Objectives should be challenging enough to result in increased performance.
7. **Understandable** -- Objectives should be stated in as simple and understandable word as possible.
8. **Commitment** -- Once agreement on objectives has been reached there should be a commitment to what is necessary and reasonable to achieve them.
9. **People participation** -- Staff should be included in the development of objectives as best results are achieved when those who are responsible for achieving objectives have some roll in setting them.
10. **Linkage** -- all objectives throughout the department should be linked to the mission and purpose of the organization.

MCVSC's objectives meet many of the ten criteria listed above; however, many are not written in specific, measurable language, thereby affecting suitability, feasibility, and acceptability. Furthermore, the financial impact on the budget associated with meeting MCVSC's objectives has not been developed and the objectives are not linked to the budget to establish guidelines for spending.

A strong link between mission and planning activities will help MCVSC better use scarce resources. Furthermore, by better communicating the goals of MCVSC to staff and showing them how their jobs contribute to those goals, goal attainment will be improved. Strategic planning is essential to addressing the unique problems faced by MCVSC in the areas of training, budgeting, morale, and program and performance outcome measurement. Employees must be aware of MCVSC's mission and goals, and understand the link between their work and the accomplishment of Agency goals.

R2.6 The Executive Director and Commission should implement a comprehensive performance measurement system to monitor progress towards achieving the Agency's goals and priorities, and the results of these measures should be considered during the planning and budgeting processes (see the finance section). The use of performance measures will enable management and the Commission to better measure Agency success and program outcomes, and identify problem areas that should be addressed to be more efficient and effective. Performance measures could also be used to better inform key stakeholders about MCVSC's performance and needs. These measures should be developed in a manner similar to that chosen by FCVSC.

MCVSC does not use performance measurement to gauge Agency efficiency or the effectiveness of Agency operations. According to the Government Finance Officers Association (GFOA), a key responsibility of governments is to develop and manage service programs and resources as efficiently and effectively as possible and to communicate the results of these efforts to the taxpayers.

The GFOA also indicates that performance measurement criteria are needed to provide for governmental accountability, communicate service and program results, and assist in making future decisions about resource allocation and service delivery options. Financial, service, and program performance measures should be developed and used as an important component of decision making and incorporated into governmental budgeting. These measures should be based on the mission and program goals and should be reliable, verifiable, and understandable. The types of performance measures most commonly used in government include:

- **Inputs:** Resources used or what is needed (e.g., number of employees);
- **Outputs:** Activities completed or what is produced (e.g., decisions reached);
- **Outcomes:** Results achieved (e.g., effective referrals made);
- **Efficiency:** How well resources were used (cost per application); and
- **Quality:** Effectiveness (e.g., customer satisfaction).

FCVSC developed a template for its FY 2005 Strategic Business plan, which includes performance measures for each of the programs it offers its veterans. The measures also identify the party responsible for the action and how it is linked to the budget. The measures are broken into inputs or demand, outputs, results achieved, and efficiency levels. The following is an example of the performance measures developed for financial assistance by FCVSC and approved by the Franklin County Office of Management and Budget:

- **Demand** -- the amount of rent subsidies requested
- **Output** -- the amount of rent subsidies provided
- **Result** -- the percent of subsidies provided within 10 days of request
- **Efficiency** -- the dollar amount of subsidy provided within the VSC timelines.

The absence of performance measures hinders management from improving customer service, determining effective resource use, assessing departmental performance, and developing an effective strategic budget. Performance measures could be developed internally, using the FCVSC templates as a starting point. This could be done in conjunction with updates to the strategic plan.

R2.7 The Commission and Executive Director should add diversity, employment-at-will, media relations, and exit interview policies to its Agency's policy manual. The policy

manual should be reviewed regularly to ensure that policies are still applicable to the activities of MCVSC. By establishing a manual with applicable policies, and by reviewing and documenting its distribution with a signed acknowledgment, MCVSC will be able to reduce the risk of misunderstandings and have a mechanism for communicating expectations to staff, while reducing the potential for grievances and law suits.

MCVSC had been operating under the Montgomery County policy manual and union agreement until the adoption of its own policy manual in FY 2004. The County policy manual is not developed to reflect the activities performed at the Veterans Service Commission, and does not include policies governing the hiring of staff, required training, personnel file maintenance, and chain of command which are required under ORC § 5901.02, 5901.021, 5901.03, 5901.06, and 5901.7.

A new policy manual was adopted during the course of this audit that contains policies and procedures for MCVSC operations. While in draft form, the personnel manual was assessed by using an Employee Handbook Checklist developed by Business and Legal Reports (2000), which provides a comprehensive listing of personnel policies that should be contained in an effective policy manual. According to Business and Legal Reports, the more questions that can be answered affirmatively on the checklist, the more extensive the employee handbook is. Based on Business and Legal Reports checklist of importance policies and procedures, MCVSC's handbook is missing the following four policies:

- **Diversity** -- Effective diversity policies include how the organization defines diversity, a statement on non-discrimination in the workplace, and mission or vision statements.
- **Employment-at-will** -- Employment-at-will language reduces the agencies risk of lawsuits when employees are terminated.
- **Media Relations** -- Employers should have a written crisis plan in place for working with the media that includes assigned responsibilities (for talking with the media and when), access to the property, and a designated area for reporters.
- **Exit interviews** -- Exit interview policies provide the organization with insight into the employees experience and should explain when the exit interview will occur, who will conduct the interview, and what will happen to the information afterwards.

In addition, employers should require employees to sign an acknowledgement form whenever a handbook or manual is issued, as this document provides evidence showing that the employee received, read, and understood the handbook or manual. FCVSC

requires staff to sign an acknowledgement form, when provided a manual that contains information regarding employment with the Veterans Service Commission, Ohio Civil Service Laws, Administrative Rules, and Federal and State Laws. This form is kept in the employees' personnel file. Additional resources for assistance in developing effective language for these policies and procedures are other veterans service commissions, the Society for Human Resource Management (SHRM), HRnext.com, and Business and Legal Reports. HRNext.com provides online assistance for various HR topics and has sample copies of personnel policies.

Miscommunication with staff about management's expectations is reduced with descriptive policies that govern employee conduct. Furthermore, absent signed acknowledgment forms, there is a potential for misunderstandings, increased grievances, and lawsuits since the Agency does not have a way of documenting that staff were provided critical policy information that has been formalized in a policy manual.

R2.8 The Commission should improve staff training by developing training goals based on an employee-driven training plan or Individual Development Plans (IDP) developed by each employee. An employee uses an IDP to prioritize and develop a plan of action to reach his or her short- and long-term career goals. As part of an annual evaluation process, employees should develop IDPs with input from their supervisors. The Executive Director should refer to an employee productivity consultant's IDP process, like that developed by Accel Team, to develop the procedure for implementing the plan. Once the IDP is developed, supervisors should meet with employees quarterly to assess whether they are achieving the goals outlined in the plan and determine if additional assistance is needed.

The plans should also be used by management to identify internal and external training topics that could benefit the entire staff. Also, the Executive Director should ensure that all supervisors receive ongoing supervisory training so that they have the necessary tools to manage other employees. In addition, management should identify areas where cross-training would be useful and make it available to staff. Implementing a more effective training program will help improve the efficiency and effectiveness of employees and better enable MCVSC to achieve its mission and goals.

The Agency indicated that it will have a policy developed to address employee development in the near future.

Although training is provided for MCVSC board members and veteran service officers, other MCVSC staff members do not receive formal training as stipulated in OAC Chapter 5902-1. Furthermore, training documentation is not consistently maintained and MCVSC

spends significantly less for training when compared to other veterans service commissions.

OAC Chapter 5902-1 explains the training requirements as they relate to veterans service commissioners and officers. According to OAC 5902-1-02, in order to be certified, each re-appointed commissioner must attend and complete annually a minimum of four credits and may be issued a certificate of completion by the director of the Governor's Office upon completion of the credit requirements. However, MCVSC does not maintain completion certificates or letters from GOVA indicating that all commissioners have met this requirement. Also, OAC 5902-1-04 through OAC 5902-1-06, indicates that veteran service officers should be certified by the Governor's Office of Veterans Affairs, and must maintain five continuing education credits to remain certified. Documentation of this requirement is maintained by the most senior VSO at MCVSC.

Lastly, ORC 5901.03 states that commissioners should promote, monitor and provide ongoing education and training to the veterans service commissioners and staff. However, reviews of personnel files and the AOS employee survey results indicate that MCVSC's current staff development program has not provided training to all staff. Employee survey results indicate the following deficiencies in MCVSC's staff development programs:

- 50 percent of staff indicated they do not have an opportunity to attend work-related training, programs, conferences, or seminars that have been offered by MCVSC.
- 50 percent of staff indicated that staff training is not effective at MCVSC.
- 33 percent staff indicated that an effective cross training program is not in effect at MCVSC.

A review of training expenditures also indicates that staff is not provided training at levels comparable to the peers. **Table 2-5** shows the three-year average of training expenditures for commissioners and all staff as compared to peer veterans service commissions, as reported in the annual reports.

Table 2-5: Three Year Average Training Expenditures

	MCVSC	CVSC	FCVSC	SCVSC	Peer Average
2003					
Commissioners	\$922	\$1,901	\$676	\$5,447	\$2,675
Staff	\$4,250	\$3,228	\$15,470	\$9,648	\$9,449
2002					
Commissioners	\$1,000	\$3,619	\$500	\$9133	\$4,417
Staff	\$7800	\$3499	\$10,007	\$183667	\$10,624
2001					
Commissioners	\$750	\$3173	\$404	\$5450	\$3,009
Staff	\$7550	\$3063	\$7236	\$12240	\$7,513
Three Year Average					
Commissioners	\$875	\$3,396	\$452	\$7,292	\$3,713
Office Staff	\$6,533	\$3,263	\$10,904	\$13,418	\$9,195

Source: MCVSC and peer GOVA Annual reports for FY 2001-2003

Table 2-5 shows the following discrepancies in training expenditures for MCVSC and the peers:

- Three-year average training expenditures for MCVSC commissioners is 76 percent lower than the peer average. MCVSC commissioners only attend state-mandated training, while CCVSC and SCVSC commissioners also attend board member training and training provided by other sources.
- While the peers send all staff to training, **Table 2-5** contains training expenditures only for veteran service officers at MCVSC. The three-year average training expenditures for MCVSC staff are 29 percent below the peer average. MCVSC sends only VSOs to training, while other staff does not attend internal or external training. However, peer commissions provide all staff with training through the following means:
 - CCVSC veterans service officers are certified through the National Association of County Veterans Service Officers and attend various trainings offered by this organization.
 - SCVSC and CCVSC send all staff to external training sessions offered by area universities or the County human resources office. These training sessions address areas such as customer service, leadership, computer skills and diversity.
 - SCVSC and FCVSC use staff meetings to bring in various speakers to provide training to all staff on issues that affect them.

- CCVSC sends commissioners to a continuing education course at Cleveland State University that explains the roles and responsibilities of nonprofit boards.

Poor coordination of staff development programs is a result of MCVSC not developing a specific development plan for each of its staff members or its staff as a whole. According to *A Systematic Approach to Planned Individual Employee Training and Development*, (Accel Team, 2004), it is important that managers and supervisors know how to assess employee training needs, set performance goals and plan developmental strategies accordingly. The needs and goals assessment process is often completed using an individual development plan (IDP) that is completed by the employee with input from the supervisor and germane to their job performance. According to Accel Team, the planning process should generally follow these steps:

1. Select the training, education and developmental needs and mark each based on top priority for the year;
2. Describe in writing the performance standards that should be demonstrated once each need has been met;
3. Discuss alternative methods for meeting each need and select one of the methods that will help the employee accomplish the developmental objective; and
4. Set review dates

The limited training provided to MCVSC workers may inhibit effective client service and reduce efficiency. Furthermore, the fact that some of the staff is sent to regular training and others are not has contributed to low morale, mistrust, and an inability to retain key employees.

R2.9 The Executive Director and the Commission should continue to update MCVSC's job descriptions as duties change, and should develop a formal schedule for reviewing job descriptions annually at commission meetings. In the future, job descriptions should be updated to clearly describe the work to be performed and show the link to program outcomes in measurable terms. The new job descriptions should be used to improve the performance evaluation process (see R2.10). Up-to-date job descriptions would lead to a greater understanding of job functions, expectations and responsibilities and help in achieving Agency goals. Furthermore, the ability to meet expectations can make employees feel better about job functions and should lead to increased morale and productivity.

During the course of the audit, MCVSC began to update the Agency's job descriptions.

MCVSC job descriptions do not reflect the job duties currently performed by staff. MCVSC does not have a formal schedule for reviewing job descriptions in place. Job descriptions for new classifications and for staff that were given additional duties are in the process of being updated. However, prior to the new updates, job descriptions were not consistently updated and all job responsibilities were not communicated for each position.

According Madison: Business and Legal Reports Inc. (*How to Write Job Descriptions*, 1993), every company should have a formal schedule for reviewing job descriptions at least once a year. If all jobs cannot be reviewed annually, then certain jobs may be chosen. Furthermore, as a general rule, it is recommended that job descriptions be reviewed and updated when the following conditions are encountered:

- The job content changes;
- There is an organizational structure change;
- The employee or his or her supervisor requests a review;
- There is only one incumbent in the job, and that person leaves the job; and
- There are continuous problems in a department or division.

Current job descriptions do not included measures of performance which can be used to complete performance appraisals. According to Whatcom Council of Nonprofits (Neal, 2001), job descriptions should be specific in describing standards of performance measurement, which can be achieved by using terms such as: how much, how frequent, how accurate, how detailed, and to what degree of quantity or quality. Clearly defined job descriptions which contain an explanation of job duties and standards of measurement, provide staff with clear expectations for completing their jobs. The lack of clear and up to date job descriptions can result in uncertainty and cause difficulty in developing an effective evaluation form.

R2.10 The Executive Director should work with the Commission to improve the performance evaluation process by implementing the following:

- a. **Provide specific performance expectations based on job descriptions for all employees, including the Executive Director, and identify who is responsible for completing the evaluation. This can be done by adding more measurable language to the job duties (See R2.9).**
- b. **Update the evaluation form to add performance planning, attendance, training and employee input segments to the evaluation form.**

- **The performance expectations section of the form should have an area to allow the Executive Director and employee to review whether the employee achieved prior year goals and document next year's goals and objectives.**
 - **The attendance section should have a summation of the sick and vacation hours used, and area to document any discussion that took place on the issue of attendance and punctuality.**
 - **The training segment of the form should include an emphasis on identifying immediate and future training needs, and language directing the employee to express further training needs not highlighted by the evaluation process.**
 - **The employee input segment should be an area for the employee to express their comments and sign to acknowledge receipt and discussion of the evaluation.**
- c. **Link the evaluation process to the development and subsequent reviews of IDPs. (See R2.8)**

Developing an effective performance evaluation system will help enable MCVSC to increase the productivity of the organization by improving the performance of all employees and increasing the consistency and quality of customer service.

The Agency indicated that it will complete annual evaluations for all employees.

MCVSC does not complete performance evaluations in accordance with its collective bargaining agreement or policy manual. According to its collective bargaining agreement and policy and procedures manual, employees are to be evaluated at the end of 6 months for probationary employees, and annually, approximately 30 days prior to the employee's anniversary date. However, a review of employee personnel files indicates that employees were evaluated during their probationary period, but have not been evaluated annually. It was reported that, for some employees, this may be a result of the change in the executive director position. Also, the evaluation form is lacking essential elements to make it an effective tool in gauging performance and in conducting performance planning. Finally, Commission bylaws require the Executive Director to be evaluated annually prior to December 31. This has not been regularly completed.

According to Business and Legal Reports, Inc., in a report entitled *Personnel Managers Handbook of Performance Evaluation Program, 2002*, evaluation forms usually contain the following elements:

- Identification,
- Instructions,
- Focus of measurements,
- Attendance assessment,
- Training needed, and
- Employee input.

However, MCVSC's forms do not include an area for training, attendance, employee input, and overall performance planning, which can reduce its ability to measure performance. The performance evaluation form may not meet current best practice standards, since it appears that the form has not been updated in several years. According to *The Number One Guide to Performance Appraisals* (Neal, 2001), the performance appraisal form should also be continuously monitored by management. Revised forms are warranted whenever there are significant changes in the organization, market place, or company systems. Once the form has been evaluated and updated it should be distributed to employees through line management.

R2.11 The Commission should address the following governance areas to help improve Agency operations:

- ***Staff Development:*** The Commission should work with the Executive Director to ensure training is emphasized for all employees as expressed in R2.8.
- ***Employee Relations:*** The Commission should provide regular opportunities for staff to have input into Agency decision making. This can be achieved through the development of an annual employee survey similar to the one used by AOS. The use of an annual employee survey can keep the Commission informed about what is occurring internally, and can provide it with areas for goal and performance measurement establishment. Likewise, the Commission could meet with employees each month, potentially in a lunch setting, to ensure that employee concerns and ideas are heard.
- ***Financial Assistance Decision Making:*** The Commission should perform random audits of financial assistance approvals to ensure that they are made in accordance with financial assistance policies. This can provide opportunities for training, and ensure that policies are consistently applied. (see program assessment and case management for further discussion)

Additionally, the Executive Director and Commission should develop an orientation program that informs new commissioners of state requirements, agency policies, and governance responsibilities. To ensure that all commissioners understand their

governance responsibilities (beyond what is expressed in statute), the Executive Director should identify external training opportunities.

The Agency indicated that it has begun the development of policies to address this recommendation.

The Commission does not provide a strong level of governance over MCVSC. **Table 2-6** assesses the activities of the Commission compared to ORC mandated duties and governing board best practices recommended in *Best Practices for Executive Directors and Boards of Nonprofit Organizations*, (Whatcom Council of Nonprofits, 2002).

Table 2-6a: National Board Governance Best Practices

Best Practice or Mandate	Standard Met At MCVSC?
National Standard	
1. Does the board determine the organization's mission, set policy, and approve programs and services relevant to the mission?	
a) Board annually reviews the organization’s mission	a) Yes (See R2.5)
b) Board sets and monitors policies for personnel.	b) Yes (See R2.7)
c) Board reviews reports on programs and services that demonstrate links to organization purpose and tracks progress towards desired outcomes.	c) No (See R2.6)
d) Board members receive orientation	d) Partial, The commissioners do receive orientation from GOVA, but there is not an internal orientation process as spelled out in the bylaws of the MCVSC. Furthermore, the Commission has not received formal training on the duties of board member of a public or nonprofit entity.
2. Does the board ensure effective fiscal management occurs?	
Board reviews financial reports that are accurate, easy to understand, and timely.	a) Yes, the Commission reviews the budget, but the level of detail of the review is not contained in minutes.
3. Does the board ensure that the public has reasonable access to information about mission, activities, board membership and basic financial data?	
An annual report to inform the public is produced.	a) No, MCVSC does not develop an annual report to the public or report performance measures (See R2.6).
4. Does the Board recruit, set salary, and evaluate the performance of the executive director and oversee succession of that position and key staff?	
a) The board performs annual reviews of the executive director and sets goals for coming year.	a) Executive Director has not been in the position for a whole year, but no evaluation was found in minutes (See R2.10).
b) A written policy is maintained regarding board governance.	b) Yes. The Commission has developed bylaws.
c) The board designs and implements process for hiring executive director as needed.	c) Yes. The bylaws note the process for hiring an executive director and setting responsibilities.
5. Does the board maintain a good relationship with organization staff?	
a) The board understands and maintains the policy-making role of the board.	a) Yes, the Commission has developed by laws indicating its policy making role. Review of minutes indicate that commission does set policy for VSC
b) Board and staff communicate about organization and program issues.	b) No, staff stated they have been discouraged from speaking directly to the board and must follow a formal chain of command spelled out in the policy manual. (see R2.13)

Source: “Best Practices for Executive Directors and Boards of Nonprofit Organizations” (2002)

Table 2-6b: State Board Governance Best Practices

ORC mandated	
1. Does the commission employ such staff necessary to carry out VCS Business	1. Yes. (See R2.1)
2. Does the commission establish policies and procedures for the administration of assistance?	2. Yes. (See Program assessment and case management section)
3. Does the commission establish programs of outreach and coordination with other agencies to enhance available services to veterans?	3. Yes, developed an outreach coordinator position, whose primary function is established outreach programming and linking veterans with other external services.
4. Does the commission promote, monitor, and provide funding for ongoing education for Commission and staff?	4. Partial. (See R2.8).
5. Does the commission establish regular scheduled transportation for veterans?	5. Yes, the Commission provides bus tokens to veterans or links them up with other transportation options based on the need.
6. Does the commission participate in memorial and commemorative activities to help veterans?	6. No, handled by Dayton National Cemetery.
OAC Mandated	
7. Commissioners shall obtain a minimum of four training credit points	7. Partial. (See R2.8)
8. VSO should obtain five training points per year.	8. Yes, almost all obtained required points in FY 2003 and have obtained them for FY 2004.

Source: ORC 5901, OAC 5902 and MCVSC commissioner interviews.

Based on the information in **Table 2-6b**, the Commission meets many of its mandated governance requirements and national standards, but does not complete those functions that extend beyond what is required under the ORC and OAC in many cases. By completing the following additional functions, beyond what is expressed in ORC and OAC, the Commission would provide true governance over the Agency:

1. **Orientation and Training for Commissioners.** MCVSC does not have a separate orientation manual or training for new commissioners. Instead, commissioners are provided on-the-job training during which they observe current commissioners, and are primarily provided copies ORC Chapter 59, and the financial assistance manual. According to the Whatcom Council of Nonprofits report (*Best Practices for Executive Directors and Boards of Nonprofit Organizations, 2002*), the executive director and board leadership should ensure new members understand legal requirements and restrictions. Furthermore, the executive director and leadership should ensure there are regular orientations and ongoing training for members in the areas of team building, communication skills, meeting management, public relations, and leadership. CCVSC not only requires commissioners to attend state training, and receives training by the Executive Director, but also attends a one day continuing education course at Cleveland

State University. The course, Nonprofit Boards: Roles and Responsibilities, provides board members with an understanding of governance responsibilities including recruiting and selecting the chief executive, establishing clear and measurable expectations for the executive, and other governance responsibilities.

2. **Promoting training for Commission and staff.** See **R2.8**
3. **Annual Reporting to Public and Performance assessment.** MCVSC does not develop an annual report or report any performance measures to explain its accomplishments to the public. See **R5.5**.
4. **Audits of the Case Management Process.** See **R5.2**.

Within these high-level categories, the commissioners can provide valuable direction in several areas. Increasing the level of Commission participation in Agency governance will provide additional support for Agency goals and increase cohesion between the Commission and Agency staff.

R2.12 MCVSC should seek to renegotiate the sick leave provision to reduce the maximum number of sick leave days paid out to staff at retirement from 480 hours to 280 hours. Decreasing the number of hours would reduce the long-term financial liability incurred by MCVSC.

MCVSC offers provisions comparable to its peers in all the areas except sick leave paid at retirement. MCVSC authorizes a retirement payment of 480 hours while the peer average is 280 hours at retirement. MCVSC's retirement payout is 72 percent higher than the peer average. By reducing sick leave accruals to the peer average, MCVSC can reduce future liabilities and expenditures and redirect those funds to other veteran service programming.

Financial Implication: MCVSC retirees may receive compensation for approximately 140 hours more provisional sick leave at the time of separation from employment when compared to the peers. Using an average hourly rate of \$16.49, the reduced liability would be approximately \$2,308 per employee upon separation from the Agency.

R2.13 The Executive Director and Commission should ensure that a labor-management committee is functioning in accordance with the labor agreement. Furthermore, the following guidelines should be followed to define the scope of the labor-management committee:

- **Specify membership.** Membership should consist of an equal number of labor and management representatives. Based on the collective bargaining agreement, the committee should consist of three people from each side.
- **Define the committee's chairmanship.** Options include having two fixed co-chairs (one from labor and one from management) or having a revolving chair for each meeting.
- **Schedule meetings at regular intervals.** Because labor-management committees often address long-term problems and issues. Having a regular meeting schedule increases the chance that participants will be able to attend regularly. Based on the collective bargaining agreement, this should be at least every three months. However, as several issues have been identified in the employee survey, monthly meetings may be helpful.
- **Decide how minutes will be recorded and distributed to all stakeholders.**

By having the labor-management committee meet every month, the following additional benefits can realized:

- **An effective and timely problem solving committee can be developed;**
- **Lines of communication between employees and management can be opened, leading to improvement of employee morale;**
- **MCVSC management will be informed of any contractual problems; and**
- **Bargaining unit employees can participate in managerial discussions concerning the development of new policies and practices that pertain to staff.**

During the course of the audit, MCVSC formed a new Union-Management Meeting Team. The team consists of a representative group of employees and management personnel and will include the Agency's strategic plan as part of its discussion. The team met for the first time in mid-March.

MCVSC has not used its labor-management committee to address the concerns of staff and management, nor did it implement its committee in accordance with the bargaining unit agreement. The Executive Director meets with bargaining unit groups to discuss various issues that impact MCVSC; however, according to article 24 of the labor agreement, the Agency is to establish a labor-management committee, whose purpose is to build and maintain a climate of mutual understanding and respect, and resolve common problems. The committee is to operate with the following additional provisions:

- The joint committee of six persons should be developed, half of whom shall come from management and half from union;
- The parties should prepare an agenda prior to a labor-management meeting and official minutes of the meeting will be recorded; and
- Management will provide the union with written acknowledgment within 5 days after the meeting of any areas of agreement. The committee should meet every three months or as mutually agreed.

Since the current meetings are convened in a manner that violates this article, management, the bargaining unit, and staff have not established an effective relationship. Furthermore, reducing the opportunity to discuss issues between management and labor contributes to the morale issues highlighted in the AOS employee survey, and sustains a mistrust of management by line staff. This has been expressed in the employee survey in the following areas:

- 50 percent of respondents do not feel they have an opportunity to suggest changes before they are adopted or implemented.
- 33 percent of respondents do not feel that MCVSC's procedures for vacant job positions are adequate to attract qualified and eligible staff, and another 42 percent of staff were neutral on the issue.
- 58 percent of respondents do not feel the selection process identifies the most qualified person for the job, and another 25 percent of staff was neutral on the issue.
- 45 percent of respondents do not feel that the grievance procedures are fair and effective, and another 25 percent of staff was neutral on the issue.
- 42 percent of respondents do not feel that the current discipline procedures are fair, and another 25 percent of staff was neutral on the issue.
- 63 percent of respondents do not feel the salary they receive is at a fair market rate.

According to Workforce Magazine (*The Pivotal Role of Labor-Management Committees*, January 2004), labor-management committees are an effective means for bringing about notable changes in the workplace. In developing effective labor-management committees, Workforce Magazine suggests that several key elements be put in place, including identifying and clarifying problems, using outside expertise to handle complex issues, and keeping all stakeholders apprised of the process. By establishing labor-management committees organizations can:

- Exchange proposals that focus on economic issues, such as wages and benefits, or non-economic issues as workplace improvements;
- Work collaboratively to bring about meaningful, long-term structural change and improvements; and
- Jointly set targets.

Similar morale issues were identified in the AOS performance audit of CCVSC (released in March of 2002). To improve them, CCVSC instituted a labor-management committee. The committee met regularly to discuss staff and management issues. Meeting minutes were taken and shared with staff and their input was requested. According to the director, the labor-management committee minutes have helped to improve communication and trust throughout CCVSC.

MCVSC could implement the labor management committee at no additional cost. Increasing communication between Agency management and the bargaining unit will help MCSVC collaboratively resolve several of the issues currently affecting its workforce.

Financial Implications Summary

The following table summarizes the estimated cost avoidance and annual implementation costs discussed in this section of the report.

Table 2-7: Summary of Financial Implications for Transportation

Recommendation	Estimated Cost Avoidance per Employee	Estimated Annual Implementation Costs
R2.1 Create a new position with supervisory capacity over the VSO's and Financial Assistance Specialists.		\$52,000
R2.2 Increase salaries and benefits to be more comparable to peers.		\$56,824
R2.12 Renegotiate payout provision for retiring employees.	\$2,308	
Total	\$2,308	\$103,821

Appendix 2-A: Employee Survey Responses

An employee survey was distributed to 12 MCVSC employees during the course of this audit. The purpose of the survey was to obtain employee feedback and perceptions of customer service and related issues. The survey solicited responses to statements concerning the workplace environment, service delivery and job satisfaction information. Survey responses were on a scale of 5 to 1: where 5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree. Some questions were not included in the survey summary because the results would be attributable to a specific employee. **Table 2A-1** illustrates the results.

Table 2A-1: MCVSC Customer Service Survey

Survey Questions	Client Results
1) My current classification matches my required duties. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	0.0% 33.3% 33.3% 33.3% 0.0%
2) My job description accurately reflects my actual daily routine. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	0.0% 33.3% 33.3% 33.3% 0.0%
3) If a co-worker within my department became ill, our department could effectively maintain productivity on a short-term basis. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	0.0% 16.7% 16.7% 41.7% 25.0%
4) An effective cross-training program has been implemented at the MCVSC. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	16.7% 16.7% 0.0% 66.7% 0.0%
5) The opportunity to attend training, programs, conferences, or seminars that are work-related have been offered by the MCVSC. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	33.3% 16.7% 0.0% 25.0% 25.0%

Survey Questions	Client Results
6) Staff training is effective at MCVSC. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	25.0% 25.0% 0.0% 50.0% 0.0%
7) MCVSC service hours are sufficient to effectively serve clients. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	8.3% 0.0% 8.3% 75.0% 8.3%
8) The number personnel at MCVSC are sufficient to serve contracted providers and consumers 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	33.3% 33.3% 16.7% 8.3% 8.3%
9) I receive constructive and timely feedback on how to improve my performance through the evaluation 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	33.3% 8.3% 8.3% 41.7% 8.3%
10) The form provides pertinent information on relevant issues. If not, why? 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree.	20.0% 0/0% 70.0% 10.0% 0.0%
11) My immediate supervisor is approachable. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	8.3% 0.0% 8.3% 41.7% 41.7%
12) Employees are treated with dignity and respect by their supervisors. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	33.3% 0.0% 0.0% 41.7% 25.0%
13) I have an opportunity to suggest changes and I have an opportunity for input on changes before they are adopted. 1) Strongly Disagree	33.3%

Survey Questions	Client Results
2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	16.7% 0.0% 33.3% 16.7%
14) I believe that MCVSC's procedures for vacant job positions are adequate in attracting qualified and eligible staff. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	8.3% 25.0% 41.7% 16.7% 8.3%
15) The selection process identifies the most qualified person for the job. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	25.0% 33.3% 25.0% 0.0% 16.7%
16) I am satisfied with the procedures regarding enrollment benefits. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	0.0% 8.3% 16.7% 75.0% 0.0%
17) Current grievance procedures are fair and effective. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	27.3% 18.2% 27.3% 18.2% 9.1%
18) Current discipline procedures are fair. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	36.4% 9.1% 27.3% 18.2% 9.1%
19) Current follow-up procedures for dismissal and discipline are adequate. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	9.1% 9.1% 72.7% 9.1% 0.0%
20) MCVSC's sick leave and vacation policy is fair. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree	9.1% 0.0% 9.1% 72.7%

Survey Questions	Client Results
5) Strongly Agree	9.1%
21) I believe the salary I receive is at a fair market rate. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	45.5% 18.2% 9.1% 27.3% 0.0%
22) For non-bargaining, I believe that pay increases are related to my performance. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	0.0% 33.3% 66.7% 0.0% 0.0%
23) Union and management appear to have a positive relationship. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	16.7% 8.3% 16.7% 50.0% 8.3%
24) Clear goals regarding the direction of MCVSC have been communicated to employees. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	33.3% 8.3% 8.3% 41.7% 8.3%
25) I understand how my job fits into the goals and the mission of MCVSC. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	33.3% 8.3% 0.0% 33.3% 25.0%
26) I believe that the overall morale and employee satisfaction of MCVSC is positive. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	54.5% 0.0% 18.2% 27.3% 0.0%
27) I am satisfied with the overall effectiveness of MCVSC's current HR management policies and procedures. 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree	33.3% 8.3% 41.7% 8.3% 8.3%
28) Overall, I am satisfied with my job.	

Survey Questions	Client Results
<ul style="list-style-type: none"> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree 	<ul style="list-style-type: none"> 33.3% 8.3% 0.0% 50.0% 8.3%
<p>29) I expect to be employed by the MCVSC 1 year from now.</p> <ul style="list-style-type: none"> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree 	<ul style="list-style-type: none"> 16.7% 0.0% 25.0% 33.3% 25.0%
<p>30) The Commission's leadership is effective.</p> <ul style="list-style-type: none"> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree 	<ul style="list-style-type: none"> 60.0% 10.0% 10.0% 20.0% 0.0%
<p>31) Overall, does MCVSC adequately serve Montgomery County's veteran population?</p> <ul style="list-style-type: none"> 1) Strongly Disagree 2) Disagree 3) Neutral/Not Sure 4) Agree 5) Strongly Agree 	<ul style="list-style-type: none"> 50.0% 8.3% 33.3% 0.0% 8.3%

Financial Management

Background

This section of the performance audit focuses on the financial management functions of MCVSC. MCVSC's finance staff creates and maintains financial records for clients, creates internal financial reports, carries out purchasing functions, prepares budgets, issues vouchers to clients, and maintains employee payroll and leave time records. The Montgomery County Auditor issues payroll, purchasing, and financial assistance checks.

Ohio Revised Code (ORC) section 5901.11 provides 0.5 mills of county property tax to fund the operation of a Veterans Service Commission. MCVSC may use up to 0.5 mills of the unvoted 10 mills paid by all property owners in the county. In FY 2003, 0.5 mills generated about \$5 million.

The County Board of Commissioners (BOC) reviews budget requests presented on MCVSC's behalf by the Office of Management and Budget (OMB) for approval. MCVSC prepares and distributes vouchers for food and clothing, but does not issue checks for assistance or expenditures. Once MCVSC approves expenditures, including assistance, all documentation is submitted to the County for payment.

During FY 2003, MCVSC expended about \$2.2 million on its operations and financial assistance (\$1.1 million) or just under half of its available revenue. Financial assistance payments equated to about one-fifth of available funds. When compared to the peer VSC's, Cuyahoga, Franklin and Summit, MCVSC had about 46 percent of the average available revenue but expended about 67 percent of the peer expenditures. MCVSC also approved financial assistance for about half as many veterans, but approved amounts were about 30 percent higher than the average amounts approved by the peers. Total financial assistance expenditures were in line with the peer average.

Findings and Recommendations

R3.1 The Executive Director should streamline MCVSC’s finance functions by having one full-time position primarily responsible for financial functions in conjunction with the Executive Director, as is the practice among the peers. This will eliminate overlaps in the job requirements, allow for more efficient distribution of responsibilities, and minimize downtime. The Executive Director should ensure that a person with sufficient training in human resources and financial matters fills the position.

The finance function is performed by 1.3 FTEs ³⁻¹, including the Executive Director and two other full-time employees. The finance section is responsible for budgeting, payroll, processing financial assistance, issuing food and clothing vouchers, and providing transit authority tokens to clients from the area. The financial functions are divided among staff in the following way:

- **Executive Director-** Spends approximately 10 percent of his work time (0.1 FTE) developing and preparing the budget with the administrative officer, reviewing and approving fund transfers, reviewing monthly budget and expenditures, approving employee reimbursements, and working with external auditors. Also, the Executive Director is responsible for the overall supervision of finance functions and provides the Commission with regular reports regarding operations.
- **Administrative Officer-** Spends approximately 30 percent of her work time (0.3 FTE) paying bills, reconciling all vouchers, processing payroll, preparing all reimbursements, and ordering and maintaining vouchers. The administrative officer spends approximately 70 percent of her time preparing the budget and financial reports under the direction of the Executive Director, supervising all financial functions, and compiling and verifying weekly, monthly, quarterly and yearly financial reports.
- **Accountant-** Spends 100 percent of her work time (0.9 FTE) processing all payments for financial assistance including payment of rent and utilities, and issuance of clothing and food vouchers. The accountant also assists in preparing the food and clothing vouchers, keeping a log of the use of vouchers, and ordering and submitting for payment the invoices for all office supplies.

Table 3-1 indicates how these FTEs are distributed for MCVSC compared to the peers.

³⁻¹ All MCVSC staff work 37.5 hours per week and are fulltime. As the standard work week is 40 hours, staffing levels have been adjusted for MCVSC and peers based on a 8 hour day, making a full time equivalent (FTE) for MCVSC equal to 0.9

Table 3-1 Finance Staffing Comparison

Position	MCVSC ¹		CCVSC ¹		FCVSC		SCVSC ¹		Peer Average	
	FTE	Actual	FTE	Actual	FTE	Actual	FTE	Actual	FTE	Actual
Executive Staff	0.1	1.0	0.0	0.0	0.1	1.0	0.1	1.0	0.1	1.0
Supervisors ²	0.3	1.0	0.9	1.0	0.9	1.0	0.1	1.0	0.6	1.0
Support Staff ³	0.9	1.0	1.8	2.0	0.8	2.0	0.9	1.0	1.2	1.7
Totals	1.3	3.0	2.7	3.0	1.8	4.0	1.1	3.0	1.9	3.7

Source: MCVSC and Peer interviews and organizational charts.

¹MCVSC and CCVSC works 37.5 hours, and SCVSC works 35 hours per week, and FTEs have been adjusted based on 40 hours per week.

²The Supervisor category consists of the administrative officer for MCVSC, the Financial Director for CCVSC, and the administrative assistant for FCVSC.

³The support staff category consists of the accountant for MCVSC, payment processors for CCVSC, the administrative clerk/typist for FCVSC, and the financial officer for SCVSC.

Table 3-1 illustrates the allocation of financial personnel necessary to process the volume of financial assistance provided at MCVSC compared to the peers. MCVSC has 1.3 FTEs, which is 32 percent lower than the peer average. However, if CCVSC is removed from the average since they are the only peer to have a finance department that is staffed by 2.8 FTEs; MCVSC FTEs are comparable to the peer average. However, these staffing levels are dependent on workload. **Table 3-2** indicates the number of approved applications for financial assistance processed per finance staff member, and finance costs per client for MCVSC and the peers.

Table 3-2 Workload Analysis

	MCVSC	CCVSC ¹	FCVSC	SCVSC	Peer Average
Total applications approved	1,827	3,467	1,999	5,340	3,602
Percent of Applications Approved	84.5%	70.5%	76.8%	86.3%	77.8%
Finance Personnel FTE	1.3	2.8	1.8	1.1	1.9
Direct Finance Personnel Salaries	\$40,732	\$104,623	\$55,614	\$37,541	\$65,926
Approved Applications per FTE	1,405	1,238	1,111	4,855	1,896
Financial Personnel Costs per approved application	\$22	\$30	\$28	\$7	\$18

Source: MCVSC and Peer interviews, salaries, GOVA reports.

¹CCVSC has a finance department staffed by three fulltime employees.

²Salary has been adjusted to account for actual time spent completing financial functions

As illustrated in **Table 3-2**, MCVSC processed 1,405 approved client applications per finance FTE, which is 491 fewer than the peer average of 1,896, but higher than the peer average when compared on a percentage basis. Approved applications require the accountant to submit utility and rent request forms and all necessary documentation to the County auditor so a check can be sent to the vendor for payment. The cost per approved application is \$22, which is about 22 percent higher than the peer average. Part of this discrepancy is due to the low number of applications approved. MCVSC processes 25 percent fewer approved applications per FTE than the peer average. See the **Program Assessment and Case Management** section for more information on service levels. See also **Table 3-3** for further clarification on growth of the financial assistance portion of the operation. The operation costs (primarily staffing) has remained relatively constant over the last three years, while the financial assistance amount has grown 170 percent.

A more significant factor is that the current work distribution could be adjusted so that the majority of all financial tasks are handled by 0.9 FTE. This is currently, how functions are completed at SCVSC. Dividing financial management functions among two people creates gaps and potential delays in their completion. The more centralized administration of financial processes at SCVSC expedites and streamlines financial management. Designation of a single position responsible for financial management, with assistance from the administrative officer would allow this person to prioritize and perform tasks in the most efficient manner.

MCVSC indicated that the accountant spends a significant amount of time obtaining required documentation to process vouchers, pay utilities, or pay rent. Specifically, the accountant often is not provided with the tax identification information, copies of utility bills, and other required documentation as detailed in the MCVSC financial assistance manual. Without this information, the accountant must send the case back to the financial assistance specialist to obtain the documentation from the veteran. This creates significant gaps and delays in processing payments, which lengthens the time it takes to process assistance. The personnel completing financial functions do not have formal financial backgrounds and have received little training in budgeting and other financial processes, which also impacts the efficiency of the financial assistance process (see **R2.8**).

If MCVSC was to consolidate the financial responsibilities under a single individual with financial training, it could improve the efficiency and effectiveness of financial operations and reduce the amount of staff time dedicated to these functions. However, in order to complete the consolidation, the Executive Director will need to ensure that financial assistance specialists fully complete the required information for check processing.

R3.2 The Executive Director and MCVSC management should take steps to develop a quantitative forecasting method to estimate short- and long-term changes in expenditures with a higher degree of accuracy. MCVSC management should identify key factors for major spending items that drive demand and, therefore, costs. MCVSC should develop initial models using these key factors and then revise the models in future years based upon an assessment of their accuracy. Effective use of forecasting will better enable MCVSC to plan for the future, serve veterans' needs, and justify spending requests to the county.

MCVSC indicated that it will develop forecast programs in conjunction with the Montgomery County Office of Management and Budget.

MCVSC does not develop a formal forecast to help project its expenditures. However, the total revenue available for use by MCVSC provided under ORC 5901.11 and 5705.31 is not currently being accessed by the Agency³⁻². Although MCVSC does not access all available revenues, the Agency submits numerous budget revisions to the county, indicative of poor planning and preparation for the financial outlay of the Agency.

Forecasting refers to a range of techniques that produce estimates of future revenue collections and expenditures by modeling causal relationships. According to the Government Finance Officers Association (GFOA), a government should have a financial planning process that assesses long-term implications of current and proposed policies and programs, and includes key assumptions for developing appropriate strategies to achieve goals. A key component in determining future options, potential problems, and opportunities is forecasting revenues and expenditures. Because it has not developed an expenditure forecast, MCVSC has made numerous mid-year revisions to its budget line items in recent years. **Table 3-3** Illustrates MCVSC's adopted budget compared to the revised budget and actual expenditures for FY 2001-2004.

³⁻² Five tenths of a mill of the countywide inside millage applied to the approximate \$10 billion of property equals approximately \$5 million that can be used to fund Veterans Service Commission operations and financial assistance awards in Montgomery County.

Table 3-3 MCVSC Revisions to Original Budget 2001-2004

Line Item	Adopted Budget	Revised Budget	Percent Over (Under) Adopted Budget	Actual Expenditures	Percent Over (Under) Adopted Budget
FY 2001					
Financial Assistance ¹	\$700,000	\$700,000	0.0%	\$621,858	(11.2%)
Operations ²	\$931,047	\$1,004,537	7.9%	\$927,555	(0.4%)
Total	\$1,631,047	\$1,704,537	4.5%	\$1,549,413	(5.0%)
FY 2002					
Financial Assistance ¹	\$700,000	\$851,109	21.6%	\$729,046	4.1%
Operations ²	\$942,402	\$1,062,037	12.7%	\$956,439	1.5%
Total	\$1,642,402	\$1,913,146	16.5%	\$1,685,485	2.6%
FY 2003					
Financial Assistance ¹	\$850,000	\$1,383,087	62.7%	\$1,242,436	46.2%
Operations ²	\$1,123,879	\$1,172,099	4.3%	\$997,061	(11.3%)
Total	\$1,973,879	\$2,555,186	29.4%	\$2,239,497	13.5%
FY 2004					
Financial Assistance ¹	\$1,150,000	\$1,700,000	47.8%	\$1,683,142	66.3%
Operations ²	\$1,011,915	\$1,113,486	10.0%	\$967,430	(15.9%)
Total	\$2,161,915	\$2,813,486	30.1%	\$2,650,572	22.6%

Source: Montgomery County Performance accounting system

¹Includes rental, utilities, food vouchers, and emergency financial assistance provided to veterans but may not reflect all payments as other categories may not be included.

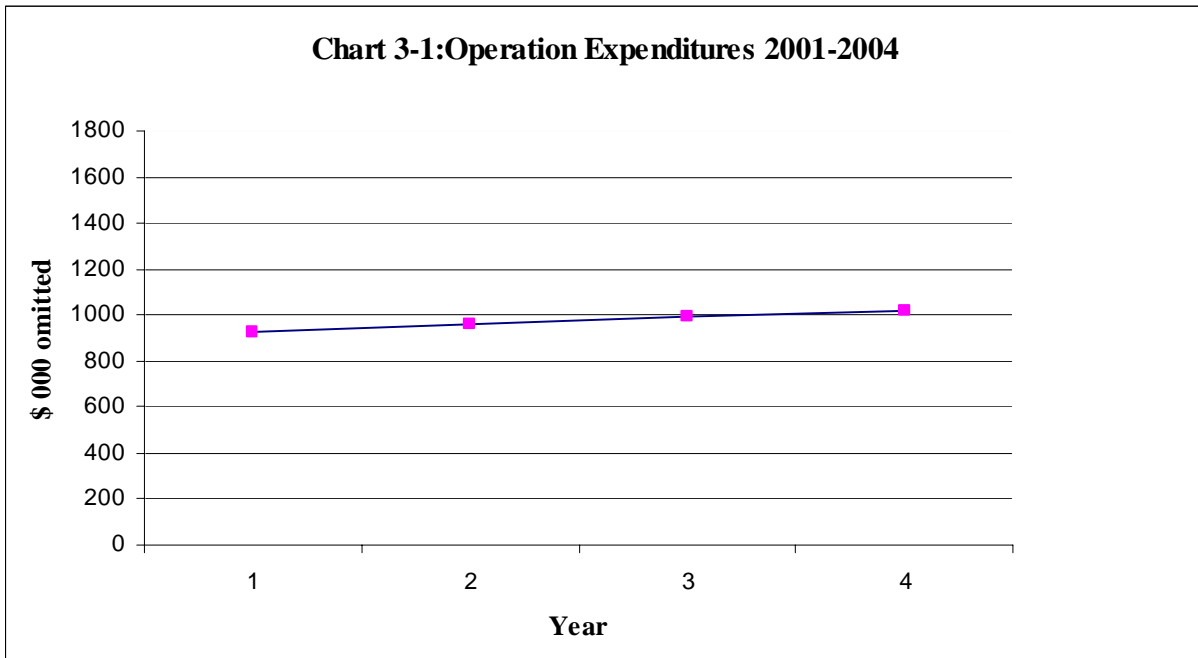
²Operations is used for the payment of salaries and wages, vacation and other personnel services, insurance and other fringe benefits, safety and security services, other service charges, printing and printing supplies, supplies and other materials, and capital outlays.

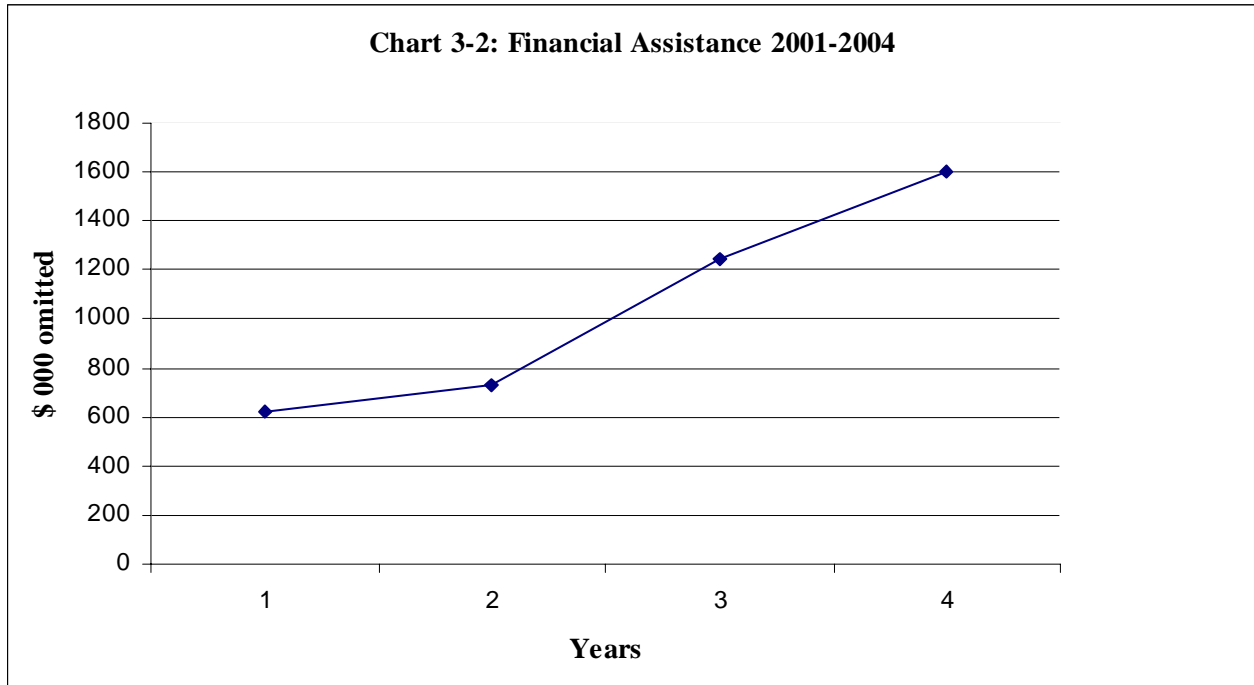
As indicated in **Table 3-3**, MCVSC has requested budget increases of more than 10 percent for at least one line item in 3 of the past 4 years. However, MCVSC spent only 94 percent of its original appropriation in 2001. Starting in 2002, MCVSC requested additional funds to cover its spending. In FY 2002, MCVSC spent 2.6 percent more than its original appropriation. In 2003 and 2004, MCVSC spent 12 and 18 percent more than its original appropriation request respectively. These instances illustrate that MCVSC has not undertaken effective budgeting and forecasting practices. Specifically, MCVSC has been unable to accurately predict expenditures, which limits its ability to plan for the future and to demonstrate fiscal responsibility to the County and taxpayers. The operation costs (primarily staffing) have remained relatively constant over the last three years, while the financial assistance amount has grown 170 percent.

MCVSC should consider using a forecast model that aggregates expenditures by category. **Table 3-3** illustrates that operation expenditures trend slightly upward. **Chart 3-1** provides a visual interpretation of this trend. This type of pattern can be forecasted

using a historical average technique that allows fluctuations in the expenditure patterns to be evened out and facilitates an accurate prediction of future operation expenditures.

Alternatively, the financial assistance category on **Chart 3-2** reflects a trend break that is further detailed in **Table 3-3**. After the first two years of relatively constant expenditures, the subsequent two years follow a markedly different trend as assistance expanded at a rate two to three times that of prior years. This trend can be forecasted using a linear progression model, the result of which should help reduce the number of budget adjustments required by MCVSC.





Accurate forecasts of financial assistance expenditures may require the identification of key factors, such as anticipated veteran deaths, unemployment rates, inflation, etc. Also, past analyses performed by other VSC's suggest that assistance requests will increase in the years after a major conflict like Korea or the Persian Gulf. Effective forecasting requires identification of the driving factors for each major spending category along with detailed assumptions to forecast future expenditures.

GFOA recommends governments at all levels forecast major revenues and expenditures. The forecast should extend at least three to five years beyond the budget period and should be regularly monitored and periodically updated. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to participants in the budget process. Factors effecting financial assistance that should be reflected in the forecast include unemployment and job growth rates. Over time, MCVSC should track changes in financial assistance levels, correlate the changes with economic trends, compare its past accuracy, and use the data to further improve its ability to accurately predict the financial needs of its clients. Finally, MCVSC should ensure that its planned future expenditures are in line with the expectation of stakeholders, including the Commission's appointing authorities.

R3.3 MCVSC should develop a strategic budget in conjunction with its updating of the strategic plan (See Organization and Staffing) to include specific objectives and financial impacts. Effective strategic budgeting and planning will enable MCVSC to align its funding allocations with strategic goals instead of historical funding levels, and more effectively accomplish its mission. MCVSC should consider using the model adopted by Franklin County.

Funding requirements should be identified to accomplish the goals outlined in the strategic plan (see Organization and Staffing). Performance measures should be evaluated, assessed and reported in a manner to bring about change in the organization where necessary to coincide with the mission of MCVSC. For example, MCVSC should identify the major programs it provides, such as direct financial assistance, benefits application assistance, and referral programs, and adopt performance measures to evaluate the success of these programs.

All management personnel, and any other employees with responsibility for developing or monitoring budgets, should also be trained on the principles of strategic budgeting, including the development of performance plans and the implementation of effective measurement processes to validate and verify performance criteria. The Executive Director of MCVSC should ensure employees receive training and assistance from the County (See Organization and Staffing).

MCVSC develops its budget using an historical perspective, with the previous year's budget serving as a baseline. The prior budgetary amounts are then increased by a certain percentage to determine the budget request for the coming year. The following steps comprise MCVSC's budgeting process:

1. Using last year's budget and any spending directions provided by the County, as a baseline, the administrative assistant, or the executive director projects the changes needed to meet the current year's requirements. The Montgomery County Office of Management and Budget (OMB) provides assistance to MCVSC upon request at any step in the budget process.
2. MCVSC commissioners review the budget request and make recommendations for changes. After making the appropriate changes, the administrative assistant sends the approved budget to OMB.
3. OMB analysts perform a technical review to ensure the accuracy of all budget figures and review the reasonableness of the request by examining the number of people served and the benefits provided.

4. If no changes are required, a resolution is made for OMB to submit the budget to the county administrator and County Board of Commissioners (BOC) in a budget hearing.
5. The budget is approved by the BOC and released in November.

Using past years' expenditures alone may not effectively allow MCVSC to project its future spending needs. **Table 3-4** illustrates MCVSC's spending history for FY 2001 to 2004.

Table 3-4 MCVSC 2001-04 Expenditure History

Line Item	2001	2002	Percent Change 2001-2002	2003	Percent Change 2002-2003	2004	Percent Change 2003-2004
Salaries	\$576,144	\$572,767	(1%)	\$610,513	7%	\$589,926	(3%)
Benefits	\$149,767	\$166,181	11%	\$170,988	3%	\$154,689	(10%)
Other Expenses	\$172,374	\$205,788	19%	\$204,598	(1%)	\$172,388	(16%)
Capital Outlay	\$29,270	\$11,702	(60%)	\$10,962	(6%)	\$50,427	360%
Financial Assistance	\$621,858	\$729,046	17%	\$1,242,436	70%	\$1,683,142	36%
Totals	\$1,549,413	\$1,685,484	9%	\$2,239,497	33%	\$2,650,572	18%

Source: Montgomery County Performance accounting system

¹Other expenses includes supplies, business, travel, training, contractual services, maintenance and repairs, communications and rentals.

Table 3-4 illustrates a wide variance from year-to-year for all budgeted line items, indicating the current historical-based budgeting does not effectively project expenditures. Therefore, a more detailed analysis of key expenses is needed to determine the major factors driving costs in those areas.

Although MCVSC has a strategic plan to guide its operations, it does not include financial impacts, strategies directed toward services, or performance measures, and has not established performance measures for its operations (See the **Organization and Staffing** section for further discussion). FCVSC has developed a strategic business plan and strategic budgeting process that include financial impacts, performance measures and strategies which aid it in developing its budgets. CCVSC also reports goals, objectives and performance indicators in the county-wide budget report. While MCVSC is not required to develop this type of budget, strategic program goals and performance measures will further aid in the development of an accurate and reliable budget.

R3.4 The Executive Director and Administrative Officer should ensure that formal policies and procedures have been developed and documented for all financial processes. The Executive Director and Administrative Officer should prepare formal internal control objectives and should articulate the importance of internal controls in writing to employees at all levels of the Agency. Also, monitoring and oversight should be instituted in the financial assistance area to increase the likelihood that errors, fraud, or questionable approvals of financial assistance will be detected or prevented and corrected in a timely manner . (See the program assessment and case management section for further discussion on questionable cases.)

The Commission and MCVSC management are responsible for establishing and maintaining internal controls to protect against the loss, theft or misuse of assets, as well as to identify and correct errors. MCVSC has established effective processes in some key areas including travel, and food voucher issuance. However, other controls have been established but are not formalized in writing and financial assistance policies are not being followed consistently. MCVSC does not have formal written financial policies and procedures in the following key internal control areas:

- **Approval of office expenses and service contracts and authorization process for purchasing office equipment and services.** MCVSC follows County purchasing policies and procedures, but has not developed its own policy and procedure to initiate this process within the Agency.
- **Controls to protect applicant information from public release.** MCVSC has established methods for protecting client information, but this has not been established in a formal written policy and procedure.
- **Payroll processing.** MCVSC uses the County to process its payroll. However, a significant portion of the timekeeping and approval process occurs at MCVSC. No formal written policy and procedure has been developed nor do the Agency's policies and procedures mention using the County's processes.
- **Clothing voucher issuance to clients.** MCVSC has documented controls, for issuing clothing vouchers, but no formal policy or procedure has been adopted.
- **Revenue Diversification (grant writing).** MCVSC does not write grants and has no policy on how it will diversify its revenues sources. (See **R3.5**)
- **Vehicle use policy.** MCVSC has purchased a van, but has not developed policies and procedures for the use of the van by employees. (see **R3.6**)

- **Statistical Reporting.** MCVSC currently requires all staff to report statistics on each client seen and contact made, but it has not developed a formal policy or procedure indicating how that information should be tracked or monitored for accuracy and consistency.
- **Long range financial/capital planning.** MCVSC has a long range plan, but is does not have a formal policy for including financial implications and planning for the future. (See **Organization and Staffing** for further discussion)

Furthermore, MCVSC has not established internal controls for the oversight and monitoring of financial assistance to veterans. MCVSC has developed a financial assistance manual to establish internal controls which contains parameters for veteran status, income, and level of financial assistance required. It also has policies explaining residency requirements and documentation requirements. However, a review of financial assistance files indicates that veterans have been provided aid in violation of MCVSC's policies. (See **Program Assessment and Case Management** section for further discussion)

While the policy manual establishes controls to reduce the likelihood of fraud and abuse of government funds, MCVSC does not adhere to its own policies. Furthermore, the financial assistance system does not have true checks and balances. Ideally, having the intake specialist process applications and the Executive Director make final decisions should create checks and balances. However, the Executive Director often does not review the actual case documentation, but instead, reviews the information entered into the software system by the intake person to make decisions. Therefore, the check to ensure that all required documentation and investigation is completed has been circumvented and does not occur. Lastly, MCVSC eliminated its investigator position, which served as an additional check as the investigator reviewed the client's information after being entered by the intake person.

According to the General Accounting Office (GAO) (1999), internal control is broadly defined as a process, affected by an Agency's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

Internal controls are a major element of organizational management. They comprise the plans, methods, and procedures used to meet mission, goals and objectives. They also serve as the first line of defense in safeguarding assets and preventing and detecting

errors and fraud. Internal controls are the structure, policies, and procedures put in place to provide reasonable assurance management is meeting its objectives and fulfilling its responsibilities. Internal controls also facilitate the achievement of management objectives by serving as checks and balances against undesired actions. A well-designed internal control structure reduces improper activity and helps management achieve desired results. GAO also finds that putting practices into formal, detailed policies and procedures is fundamental to the development of effective internal controls

MCVSC's weak controls in key financial areas increase the risk of theft and fraud. Likewise, they hinder sound financial reporting and affect the perceived financial integrity of the Agency. Without adequate controls to detect or prevent fraud, the misuse of government funds may occur. MCVSC could implement controls for the areas discussed without incurring additional costs.

- R3.5 MCVSC should adopt a policy to diversify its revenues through grant research, writing, and application. The policy would provide MCVSC with the opportunity to seek additional funding sources and encourage the development of new and creative programs to serve the needs of Montgomery County veterans. The Executive Director will need to assign these duties to a senior staff member and provide training in searching for and developing grant applications. By pursuing other means for funding veteran services, MCVSC will have additional sources of revenue to use for veteran programs, and could enhance vital services during periods of income uncertainty. Using outside funding could also reduce the Agency's reliance on County funds, thereby returning some of the inside millage to county operations.**

MCVSC relies solely on property taxes derived from inside millage as its source of revenue. VSCs in Ohio typically do not receive or use the entire revenue amount generated by the 0.5 mill allocation. Since MCVSC is aware that additional funds are available at the County from its inside millage, it only makes requests for additional property tax funds for financial assistance instead of pursuing alternative revenue sources. As a result, MCVSC is completely reliant on a single funding source, and has not attempted to develop new funding streams available to address veterans' needs.

According to the Government Finance Officers Association (GFOA), a government should adopt a policy that encourages a diversity of revenue sources. The policy should identify the approaches the organization will use to improve revenue diversification. Grants are an effective means of diversifying the revenue base of an agency. For example, the Federal government offers several competitive grants for various veteran programs that could be used to develop new services or programs for veterans in Montgomery County, and to supplement MCVSC's revenue base. Currently, the Veteran Employment and Training Service (VETS) is offering grants for training programs

targeted towards incarcerated and homeless veterans. VETS has also developed a manual to assist organizations in understanding the grants it offers, the grant application process, the review process, funding and grant monitoring. Additional grants could be sought to assist veterans, based on the program activity, such as home rehabilitation, etc.

Ensuring the existence of diverse revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services. By obtaining additional grants, MCVSC could potentially expand its range of services without appropriating additional property tax revenue. A more diverse revenue stream could also help MCVSC in times of economic downturn.

R3.6 The Executive Director and Commission should ensure that all capital purchases are effectively planned and included in the budgetary process. MCVSC should justify the cost with historical information and develop plans for future enhancements of services or programs. This will require that the Executive Director and Commission use cost benefit analyses, review expenditures reports, and examine capital improvement plans to identify the impact of large capital purchases before making the expenditures.

In 2004, MCVSC purchased a minivan through state contract. The Agency did not use a formal capital plan or study. There are no plans to use the van to enhance any existing services or develop new services for veterans. Instead, the van is used by staff to transport items to the County administrative offices or to transport staff to training sessions.

Because no study was conducted prior to the purchase that analyzed historical transportation expenses, or predicted related expenses such as repairs and maintenance, MCVSC now is funding capital items that do not serve its primary mission. Furthermore, no policy was developed for the use of the van by commission staff, which could allow for potential abuse. The Commission has developed an advance traveling policy and procedure that allows staff to be reimbursed for travel. Despite this policy, a cost benefit study was not conducted to determine if it would be more cost effective to reimburse staff for travel expenses instead of purchasing the van. Even though MCVSC currently has no plans to sell the van, this, as well as other options, should be considered in the future.

MCVSC has experienced prior problems with capital planning. In 2001, the Agency planned to move to a location in downtown Dayton. It requested funding for the move which pushed its appropriations to the level necessary for the County to appoint additional commissioners (ORC §5901.021). MCVSC decided against the move and later relocated to its current location on the west side of downtown. Although the current location is more affordable, accessible and convenient for its clientele, some problems with the building have been experienced.

According to the GFOA, a government should adopt policies and plans for capital asset acquisition, maintenance, replacement, and retirement. Such policies and plans help ensure that needed capital assets or improvements receive appropriate consideration in the budgeting process and that older capital assets are considered for retirement or replacement. These policies and plans are necessary to plan for large expenditures and to minimize deferred maintenance. Plans should be developed to establish ongoing, multi-year replacement and renewal schedules, and should recognize the linkage of capital expenditures with the annual operating budget.

The effect of poor capital planning has effected MCVSC's operations and has, in some cases, diverted funds that could have been used for direct services to other non-essential operations. Implementing a capital plan that ties to the Agency's strategic plan would improve the coordination and forethought on capital purchases and ensure that MCVSC receives the best value for its constituents.

R3.7 MCVSC should ensure that it maintains meeting minutes consistent with the Sunshine Law (ORC 5901.09). It should also ensure that, when in executive session to make financial assistance determinations, the Commission records the actual vote for or against the granting of assistance.

MCVSC does not currently keep track of the votes for and against granting financial assistance in its minutes. According to ORC 5901.09 (3), the minutes of a meeting that has gone into executive session for financial assistance decisions must indicate the name, address, and occupation of the client, whether assistance was granted, the amount granted, and the votes for and against the granting of assistance. By not recording the vote tally in the minutes, MCVSC is violating a key provision of the Sunshine Law related to the provision of financial assistance.

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Compliance

Background

This section of the report focuses on the compliance of Montgomery County Veterans Service Commission (MCVSC) with applicable federal, state and county laws, regulations and policies. For the purposes of this section, compliance is defined as adherence to the mandates of the United States Code, Title 38, Veterans' Benefits, Part III; the Ohio Revised Code (ORC) § 5901, Ohio Veterans Laws; and the Ohio Administrative Code (OAC) §5902.

The Auditor of State (AOS) reviewed relevant files from the Montgomery County Court of Common Pleas (MCCCP), the Governor's Office of Veterans' Affairs (GOVA), Montgomery County Commissioners (resolutions) and MCVSC to determine MCVSC's compliance with the applicable rules and regulations listed above. This assessment was completed through an inspection of the relevant files and interviews with various commission personnel. MCVSC was found to be in compliance with most applicable statutes. The areas of non-compliance or areas in which there was inadequate documentation to determine compliance are detailed in this section.

Noteworthy Accomplishments

- The Montgomery County Court of Common Pleas has been actively involved in the appointing process and has developed a schedule consistent with the Ohio Revised Code requirements. The schedule enables the Commission to maintain continuity of service by only having one commissioner's term expire in any given year.
- The Veteran Service Officers (VSOs) of MCVSC are better trained and more qualified as a group when compared to the statewide level of training for VSOs. All VSOs in the MCVSC office are certified and have activated access to the Federal VA Database (FVD). Only 33 of the 166 VSOs in Ohio (approximately 20 percent) are eligible to enter the FVD. The four VSOs at MCVSC represent 12 percent of certified VSOs in the State of Ohio.

Assessments not Yielding Recommendations

In addition to the analyses presented in this report, assessments were conducted on several areas which did not warrant changes and did not yield any recommendations. These areas include the following:

- MCVSC was found to be in compliance with the following federal requirements, therefore warranting no recommendations:
 - United States Code, Title 38, Veterans’ Benefits, Part III
 - Wagner Peyser Act of 1933

MCVSC requires the veterans requesting assistance to provide documentation that the veteran contacted the One Stop Employment Service Center prior to granting emergency financial assistance. Federal funds granted to the Ohio Department of Jobs and Family Services (ODJFS) enable their staff, through the One Stop Employment Service Center, to help veterans with ongoing issues related to employment services, veteran reintegration, and training. The One-Stop Center is part of a nationwide network. The results of ODJFS activities are combined with the nationwide network of service providers and reported in the United States Department of Labor, Report on Performance and Accountability, Annual Report.

- MCVSC was found to be in compliance with the following State requirements:

○ ORC § 5901.01 through ORC § 5901.09	○ ORC § 5901.11
○ ORC § 5901.14	○ ORC § 5901.18
○ ORC § 5901.25 through ORC § 5901.27	○ ORC § 5901.29
○ ORC § 5901.99	○ ORC § 5705.38
○ ORC § 5705.41	○ ORC § 5707.01
○ ORC § 5707.05	○ ORC § 5907.01

- MCVSC complies with veteran burial initiatives outlined in the Ohio Revised Code through its policies and financial assistance process. The Dayton National Cemetery in Montgomery County maintains all veterans’ burial grounds within the cemetery and is open for first internment to all veterans through 2020. An expansion project extends the open status through 2027 and a secondary expansion will extend this to 2034. The MCVSC refers all burial requests to the National Cemetery and can, therefore, forego the purchase and maintenance of cemetery plots that are provided for in ORC § 5901.16 and ORC § 5901.20 through § 5901.23.
- MCVSC was also found to be in compliance with the basic requirements of the Montgomery County Board of County Commissioners’ policies and procedures, and warranted no recommendations. MCVSC complies with the county rules and regulations including pay-scale and term limit legislation enacted by the Montgomery County Commissioners.

- On June 28, 2004, the Auditor of State released the Montgomery County Financial Condition Single Audit for the year ended December 31, 2003. In the report, finding number 2003-001 recommended that the Board of County Commissioners take the necessary steps to pass a resolution setting the compensation for members of the Veteran's Service Commission, including frequency of pay. Furthermore, the audit recommended excluding the Veteran's Service Commission from all annual cost of living increases.

Montgomery County Resolution 04-1539 was passed unanimously by the Board of County Commissioners in July, 2004. The resolution set the MCVSC Commission members' rate of pay and frequency at the 2001 rate. Additionally, the resolution stated that MCVSC commissioners would be exempt from future wage increases adopted by the County for its employees. The resolution ensures that the MCVSC commissioners will not be eligible for in-term pay increases.

Issues Requiring Further Study

- MCVSC was found not in compliance with ORC § 5901.15. The statute requires creation of a fund to record unclaimed veterans services assistance funds. This fund would segregate unclaimed funds from other funds available for veteran assistance after 90 days. However, in practice, MCVSC's and the peer VSCs' unclaimed funds are re-deposited into the county accounts used to pay veterans benefits. This process keeps the funds circulating to veterans who need assistance. While eligible veterans with unclaimed fund needs may later access the funds through a duplicate payment, they must sign an affidavit or attestation agreeing not to claim the funds if a later duplicate payment is received or another request for assistance for the same items is submitted and approved. This practice works well in MCVSC and the peer VSCs and appears to be an effective process for managing assistance requests; however it is not in compliance with ORC § 5901.15.

During the course of the audit, MCVSC began working with the County Auditor to initiate creation of an Unclaimed Veterans Service Assistance Fund.

Findings and Recommendations

Federal Regulations

R4.1 MCVSC should develop an annual performance report similar to the VA Annual Performance and Accountability Report. The MCVSC report should convey the status of the accomplishments of the Agency in relation to its goals. A report of this type would enable MCVSC and the Montgomery County Commissioners to better understand and measure outcomes resulting from the VSC's policies and procedures, veterans' assistance, and county appropriations.

During the course of the audit, the Commission approved a resolution to produce an annual report beginning in 2005.

MCVSC does not measure the number of customers whose situation has improved as a result of assistance or referrals to providers of the federally based veteran services. Since its recent relocation to Edwin C. Moses Boulevard, the One-Stop Employment Center offices for Montgomery County are in close proximity to MCVSC but the VSC has not collected data to determine if the close proximity of the Office has improved employment numbers for referred veterans. MCVSC has also developed a financial assistance policy requiring that, prior to awarding any financial assistance to veterans, the veteran must develop an employment enhancement plan that starts with the One-Stop Assistance Center and collaborates with the Ohio Department of Job and Family Services (ODJFS). However, the number of veterans receiving services as a result of a MCVSC referral has not been measured, nor have goals been established to evaluate the impact of the emergency financial assistance policy requiring the veteran meet with a One-Stop representative, or the impact of the referral on future employment.

The VSC's recent move has made employment services referrals more seamless to the customer and has resulted in reduced contact points and improved continuity of service. To measure effectiveness, MCVSC could use benchmarks such as employment resulting from referrals and improved financial status as measures for determining the effectiveness of the One-Stop Employment Center in relation to the VSC's goals.

A performance and accountability report that links strategic goals to performance measures and goal achievement is used by the Department of Veterans Affairs in its *Annual Performance and Accountability Report*. To measure and improve its performance, the Department of Veterans Affairs (VA) annually prepares a performance and accountability report and transmits it to the President of the United States, the President of the U.S. Senate, the President Pro Tempore of the U.S. Senate, and the Speaker of the U.S. House of Representatives. This report links strategic goals with key performance goals and provides an outcome driven report detailing measurable results.

Without a means for measuring and reporting goal achievement, the MCVSC can not be assured that its actions result in desired outcomes. Using a report like the federal report as a framework for communicating results would help the MCVSC better inform stakeholders of its successes and convey the effects of its efforts to the County Commissioners and the Montgomery County Court of Common Pleas judge.

R4.2 MCVSC should establish policies and procedures to ensure current and reliable training and qualification information is maintained for its Commission and staff. The information should be used to provide a timely and accurate assessment of training needs for the Commission and staff. MCVSC should obtain all relevant documents, such as copies of high school diplomas or equivalent qualifications, along with training information from the Montgomery County Court of Common Pleas and GOVA and keep them in the personnel files of the respective commissioners and employees. This would assist in keeping the personnel files at MCVSC current and would ensure that MCVSC maintains documents regarding its commissioners similar to those retained by the Court and GOVA. Lastly, MCVSC should complete background investigations on the staff and maintain the results of the investigations in the personnel files of the Commission.

During the course of the audit MCVSC staff developed a spreadsheet to track, consolidate, and summarize the amount and type of training completed and accreditations earned by each of the commissioners and staff members.

Overall, there was adequate documentation at GOVA and in the Agency's personnel files to determine compliance with ORC § 5901.02 and OAC § 5902. Commissioner files showed that commissioners satisfied the qualification requirements for appointment and the residency requirement. Nomination letters were retained by MCVSC and the Court of Common Pleas judges notified the appropriate veterans' organizations within required timelines.

GOVA maintains a registration and attendance roster, which shows the attendance of MCVSC commissioners at the varied training provided by GOVA. At the end of 2003, five of the commissioners were not in compliance with their training requirements according to GOVA records. However, GOVA training attendance rosters and MCVSC documentation indicate that the commissioners at MCVSC complied with most necessary training requirements for 2004. Copies of the GOVA certificates showing proof of completion of the program of instruction and the attainment of required credits are maintained in the commissioners' personnel files at MCVSC. **Table 3-1** shows the results of the review of ORC and OAC training and qualification requirements for VSC commissioners.

Table 3-1: MCVSC Compliance with Qualification Requirements for Commissioners

	County Appointed Commissioners	Disabled American Veterans	American Veterans	Vietnam Veterans of America	Veterans of Foreign Wars ¹	American Legion
ORC § 5901.02						
Residency	6 of 6	✓	✓	✓	✓	✓
Judge notifies appropriate veterans organization by 10/15	N/A	✓	✓	✓	✓	✓
Nomination Letter	N/A	✓	✓	✓	✓	✓
Appointment Letter due by 01/15	N/A	✓	✓	✓	✓	✓
DD 214 (Service Discharge Paper)	6 of 6	✓	✓	✓	✓	✓
OAC § 5902-1-01						
Special Course Attended for New Commissioners	6 of 6	✓	✓	✓	✓	✓
Signed Code of Conduct	6 of 6	✓	✓	✓	✓	✓
OAC § 5902-1-02						
Reappointed Commissioner: four education credits per year	5 of 6	✓	✓	✓	✓	✓
Code of Conduct	6 of 6	Yes	Yes	Yes	Yes	Yes

Source: MCVSC members’ personnel files, MCCCCP and GOVA files

Key: In compliance (✓)
Not applicable (N/A)

OAC § 5902-1-02 augments ORC § 5901.02 and outlines the education, training, and certification requirements for veterans service commissioners. In order to be certified,

“...each re-appointed commissioner shall attend and complete annually a minimum of four credits (one of which must be at the regional and district level) of formal instruction concerning the rules, procedures, and laws relating to...duties as a commissioner and sign a code of conduct. The instruction shall consist of a program approved by the director of the Governor’s Office of Veterans Affairs....”

Each commissioner who completes the annual requirements is issued a certificate of completion by the director of GOVA. Examples of GOVA programs of instruction for county veterans service commissioners include legislative updates, commissioner duties, case analysis, and administrative rules and expectations.

OAC § 5902-1-03 through § 5902-1-06 outline the qualifications for veteran service officers (VSOs), including minimum education requirements, certification requirements, and accreditation requirements. A review of the VSOs’ personnel files at GOVA revealed that the files contained most of the information needed to be in compliance. However, background checks may not have been performed at the commission level or at the county level during the hiring process.

Table 3-2 illustrates information contained in each of the VSO’s personnel files and shows their level of compliance with OAC § 5902-1-03 through § 5902-1-06, as of November 2004.

Table 3-2: MCVSC Compliance with Qualification Requirements for VSOs

	Veteran Service Officer 1	Veteran Service Officer 2	Veteran Service Officer 3	Veteran Service Officer 4
OAC 5902-1-03				
Honorably discharged/separated veteran- DD 214	✓	✓	✓	✓
High school graduate or equivalent	✓	✓	✓	✓
Background investigation	NIC	NIC	NIC	NIC
OAC 5902-1-04				
Certification by GOVA within 30 months	✓	✓	✓	✓
OAC 5902-1-05				
Federal Veterans Affairs Certification	✓	✓	✓	✓
State Certification				
18 months on the job training- hiring date	✓	✓	✓	✓
70 percent score on approved test	✓	✓	✓	✓
Maintain educational requirements	✓	✓	✓	✓
OAC 5902-1-06				
Earn five education credits per year	✓	✓	✓	✓

Source: Interviews, MCVSC and GOVA veteran service officer files

Key: In compliance (✓)
Not in compliance (NIC)

A report detailing the training status of the VSOs from GOVA indicated that most of the VSOs were in compliance with their training requirements. Currently training information is tracked and available through GOVA. MCVSC recognizes the importance of training for the VSO staff to allow them to perform their duties and, as a result, budgets and encourages training.

As shown in **Table 3-2**, completion and retention of documentation related to background investigations performed on the new commissioners has not been included in the files. OAC § 5902-1-03 defines the minimum qualifications for hiring VSOs:

- Shall be a veteran with an honorable discharge/separation,
- Shall be a high school graduate or equivalent,
- Shall satisfactorily complete a background investigation by a local law enforcement agency, and
- Service connected disabled veterans shall be given special consideration

Background investigations have not been part of MCVSC’s past hiring practices. The completion of background checks for future VSO hires will ensure full compliance with the laws governing VSC employment in Ohio. When combined with the other criteria, these steps help to secure the best candidates for the veteran service commission appointments. MCVSC should consider applying background checks to all candidates for employment, both to ensure equality in the hiring process and to ensure that, if a new

hire is promoted to VSO through internal processes, background checks have already been completed.

- R4.3 The Executive Director of MCVSC should work with GOVA to ensure that appropriate codes of conduct are updated and signed each year, as required by the OAC. Copies of the updated and signed codes of conduct that are kept in the files of the respective commissioners at GOVA should also be retained in the commissioners' personnel files at MCVSC.**

MCVSC indicated that it would implement this recommendation during the next round of appointments.

The MCVSC commissioners' code of conduct forms are filed with GOVA pursuant to past practices and the requirement noted in the OAC. MCVSC does not maintain copies of the code of conduct forms in its personnel files.

Peer VSC's have determined the practice of keeping a duplicate of the updated code of conduct documents in the commissioners personnel files enables easy reference and compliance determination in the event a question of qualification of the commissioners arises. MCVSC should consider making and retaining copies of the documents forwarded to GOVA, particularly the code of conduct forms, in the VSC files.

- R4.4 Montgomery County should update Resolution 02-1474 to reflect modifications to the population thresholds in the Revised Code.**

The Agency indicated that it will request this change from the County.

County Resolution 02-1474 passed August 20, 2002 required the expansion of the number of members of MCVSC and noted the County's ability to expand the Commission based on the population threshold of 400,000. At the time, this was consistent with the Revised Code. As the only veterans' service commission in the State with 11 members, AOS conducted a careful review of the resolution appointing the 6 additional commission members, and found that the resolution authorizing the expansion of the board was done in accordance with the law at the time of passage. However, ORC §5901.021 was amended in September 2003 to require a population in the county of 500,000 residents.

Montgomery County meets the more stringent (amended) population threshold of 500,000 residents based on the decennial census completed by the United States Census Bureau in 2000 (Montgomery County population is approximately 560,000). The County Commissioners should consider amending language of the resolution to be consistent with the amendment and more stringent requirements of the Revised Code.

Program Assessment and Case Management

Background

This section reviews the Montgomery County Veterans Service Commission's (MCVSC) programming and case management functions, including the work of employees who provide direct services to clients. The two main types of services MCVSC provides to veterans are financial assistance and Department of Veterans Affairs (VA) claim application assistance.

MCVSC financial assistance specialists assist clients in applying for financial assistance, which is paid using revenue from county property taxes. Financial assistance is available to veterans who have been residents of Montgomery County for at least three months and have been on active duty as a member of the Armed Forces of the United States. These benefits are also extended to the veteran's spouse, dependent parents, and minor children or wards.

MCVSC service officers also assist eligible veterans and family members in applying for federal VA benefits such as disability pensions, widow's pensions, and service and non-service connected compensation to which veterans may be entitled. Service officers act as liaisons between veterans and the VA, and are certified to prepare claims forms for submission to the VA on behalf of eligible veterans.

Noteworthy Accomplishments

- MCVSC has worked to improve services to veterans over the past several years. Client survey responses (shown in **Appendix 5A**) indicate that these efforts have been recognized by clients.
 - 85 percent of clients were familiar with the materials required to obtain assistance. 60 percent of clients spent less than 1 hour gathering the required information.
 - 51 percent of clients had recognized an improvement in services over the lifespan of their experience with the Agency.
 - 70 percent of clients had a scheduled appointment and 64 percent were satisfied with the scheduling process.
 - 81 percent of clients spent less than 1 hour at MCVSC accessing services.

- 88 percent of clients indicated that aid guidelines had been explained to them.
- On a five-point scale, with five being the highest or indicating strongly agree, MCVSC direct service workers ranked high in several categories including:
 - Courteousness (3.9) and respectfulness (4.0) to clients;
 - Knowledge of service workers about procedures and requirements (4.0);
 - Convenience of Commission hours and location (4.0 and 4.1 respectively);
 - Likelihood of returning for services (4.1);
 - Quality of service provision (4.0); and
 - Satisfaction with services and assistance (3.9).

Findings and Recommendations

R5.1 The Executive Director should revise MCVSC's current financial assistance policy manual to require more specific documentation for employment, receipts, medical support, and employees receiving financial assistance. Through the development of more clearly defined policies, MCVSC will be better able to ensure that financial assistance is awarded only to eligible clients. The creation of specifically defined financial assistance policies, along with requiring additional supporting documentation from clients, should help to reduce the risk of fraudulent or ineligible claims that MCVSC has occasionally experienced in awarding financial assistance.

In addition, the Executive Director, along with the Commission, should strive to create stronger incentives for veterans to seek employment and become self-sustaining. They should develop a list of acceptable and unacceptable reasons for voluntary employment separation. Direct service staff should then be instructed to determine reasons and factors which have contributed to clients being unemployed. This information should be documented in the client file and should play a major role in determining financial assistance eligibility.

During the course of the audit, MCVSC increased its documentation requirements to include additional supporting information for financial assistance applicants.

MCVSC has written guidelines that are used to make financial assistance decisions, but they are general in nature and left to the interpretation of the reader. The peers have developed more stringent assistance guidelines for documentation in several categories. These categories include:

Employment

MCVSC requires unemployed clients to provide proof of registration with the Ohio Department of Jobs and Family Services (ODJFS). No further information is included in the claim concerning what constitutes proof of being registered with ODJFS. Also, MCVSC does not place stipulations on the provision of assistance based on the reasons for unemployment (e.g. termination or voluntary separation).

Both Cuyahoga and Franklin County VSC require unemployed veterans to submit a printout from ODJFS to serve as proof that the veteran is registered. Cuyahoga County VSC reviews codes on the printout to determine whether a veteran is actively seeking employment, and Summit County VSC has several different employment designations.

In Summit County, financial assistance will not be provided if a veteran has willingly quit working or has been terminated from employment due to prior actions. If one of these two scenarios occurs, Summit VSC will not provide assistance for a period of 180 days. Veterans are encouraged to go to ODJFS and procure a “job quit letter” that states how ODJFS views the job termination with respect to unemployment compensation benefits. In addition, Summit VSC requires unemployed veterans to submit at least three job contacts per week, and will not provide future assistance until this requirement has been met. By requiring the submission of this information, the peers have encouraged veterans to seek employment, with the incentive to improve their financial condition.

Receipts

MCVSC requires financial assistance applicants to provide all receipts for items and services purchased in the last 30 days. However, it does not require the applicant to provide documentation for checking or saving accounts statements. Therefore, MCVSC can ascertain how much the applicant may have spent in the past month but may be unaware of additional funds available to the clients. This also increases the potential for an applicant to falsify or inflate receipts to increase the level of his or her claim as MCVSC can not verify that items purchased have actually been paid from funds that were available to the client.

Franklin County VSC requires veterans to submit money order stubs and checkbook ledgers to verify the veterans’ claims. Cuyahoga County VSC requires applicants to show detailed checking and savings account information along with itemized credit card statements for the last two months. The submission of this information allows the peers to determine whether veterans are being truthful about their financial resources and whether veterans have been prudent in spending their personal funds. (See also **R5.6**).

Medical Support

MCVSC provides assistance for dental expenses if the veteran submits two estimates for dental work and is able to prove that an emergency exists. Cuyahoga County VSC does not provide any medical assistance. Veterans receive referrals to the VA Medical Centers and Clinics for all their medical needs and prescriptions; elderly veterans are referred to the County’s Office on Aging, and children are referred to the County Health clinics for Healthy Start medical coverage. By referring clients to external agencies, Cuyahoga County VSC does not shoulder the burden for these medical expenditures and can provide veterans with information about agencies that can offer more appropriate services. (See **R5.9**).

Employees Receiving Financial Assistance

MCVSC does not have a written policy prohibiting employees from applying for, and receiving financial assistance. As a result, if an MCVSC employee meets the income guidelines, a request for assistance could be filed and granted. Cuyahoga County VSC does not permit employees to receive any type of financial assistance. The creation of this provision eliminates the potential for conflicts of interest which could occur if employees were awarded financial assistance. In addition, awarding financial assistance to employees could increase the possibility of fraud or misuse of funds.

Penalties for Missed Appointments

MCVSC does not have a written policy that details repercussions for missing a scheduled appointment. MCVSC's annual client contact report illustrates problems it has experienced regarding missed appointments. In 2003, MCVSC had 1,347 missed appointments. From January 1 through August 31 2004, MCVSC has had 890 missed appointments. This would equate to about 1,300 missed appointments for 2004 if the trend continues through the end of the year. Even though MCVSC accepts walk-in clients, it cannot accurately predict the number of walk-in clients who will appear on a given day. As a result, missed appointments can lead to time loss, increased inefficiency, and may contribute to the low number of clients served by MCVSC.

Although Summit VSC does not have a written policy concerning this issue, the executive director stated there are procedures in place to reprimand clients who miss a scheduled appointment. These procedures include the following penalties:

- The first missed appointment results in the client being rescheduled no sooner than five days after the original appointment.
- The second missed appointment results in the client being rescheduled no sooner than ten 10 days after the original appointment.
- The third missed appointment results in the client being rescheduled no sooner than 30 days after the missed appointment date.
- The fourth missed appointment results in the client having his or her case sanctioned. The client will be unable to apply for financial assistance for a period of six months.

Although MCVSC has created written policies such as information required to be submitted and required income guidelines, the lack of specific policies for the categories mentioned above could increase the potential for fraudulent cases. MCVSC has not created and emphasized incentives that would help veterans to become self-sufficient and improve their financial situations. As MCVSC's assistance policy does not emphasize the importance of clients seeking assistance from external organizations or impose penalties

for missing scheduled appointments, veterans could continue to seek, and rely on, assistance from MCVSC over a period of years instead of striving to become self-sufficient.

R5.2 MCVSC should create a decentralized financial assistance approval process that will permit employees other than the Executive Director to review and make financial assistance decisions. This revised process would increase the timeliness of the approval process. After implementing more stringent assistance guidelines, MCVSC should initially allow financial assistance specialists and veterans service officers the opportunity to make financial assistance decisions which do not exceed a specific dollar amount. As part of this approach, the Executive Director should provide training to these employees on the procedures used and the information to be reviewed in accordance with the financial assistance policy manual.

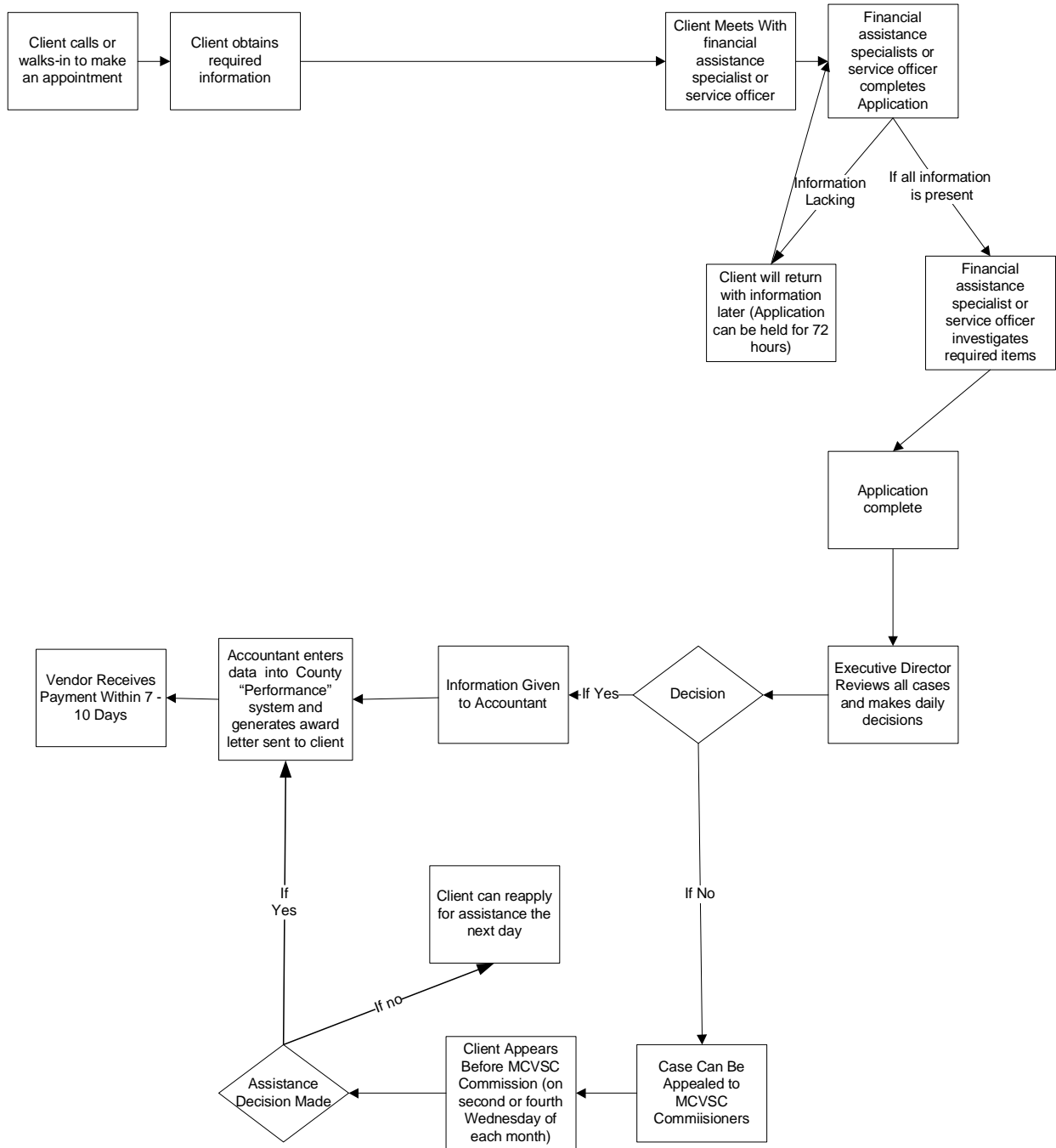
The Executive Director, along with the Commission, should periodically review a percentage of these cases to determine whether decisions are made in compliance with the MCVSC's financial assistance manual (see R5.6). When the Director and the Commission are satisfied that employees have received the necessary training and understand all MCVSC financial assistance components, staff should be given permission to make all financial decisions.

The Executive Director, along with the financial assistance specialist/information technology employee should work cooperatively to include a signature approval line and an approval date line on all financial assistance applications. Having this information contained on the application form will allow MCVSC to accurately track the length of time it takes to make a decision and will document the internal control in place in the approval process.

MCVSC uses a highly centralized financial assistance approval process. MCVSC's Executive Director is responsible for approving all financial assistance cases. No other staff member at MCVSC reviews the case. The cases are approved by the Executive Director after the information is compiled by the service officer or financial assistance specialist. Hard copies of the supporting documentation are not reviewed as part of the approval process. When the Executive Director is absent, the senior veteran service officer is permitted to approve cases. If both the Executive Director and the veteran service officer are absent, MCVSC does not have a plan in place to approve cases. In addition, MCVSC does not have a formal written plan in place specifying the approval process when the Executive Director is absent.

Chart 5-1 presents MCVSC's current financial assistance process.

Chart 5-1: MCVSC Financial Assistance Process



Source: MCVSC and AOS analysis

When financial assistance cases have been approved, MCVSC does not have a process in place to allow an additional level of review to ensure cases conform to its eligibility and procedural requirements. Without the review of supporting documentation or a process for review of approved cases, MCVSC has authorized assistance to clients whose cases could be considered questionable.

Summit and Franklin County VSC have decentralized their financial assistance process by allowing case workers to process financial assistance applications and approve cases on the same day that applications are submitted. In addition, Summit and Franklin County VSC have certain financial assistance thresholds which caseworkers may not exceed when approving cases. If the requested amount is greater than the prescribed limit, the case must be reviewed by upper level management for approval. For example, Summit County VSC requires a supervisor to review and sign off on all financial assistance cases when the total financial request exceeds \$800.

Summit and Franklin County VSC also require upper-level management and the commission to periodically review and comment on financial assistance cases. Through this process, both peers have decreased the amount of time required to make financial assistance decisions. The review of client files indicated MCVSC financial assistance decisions took an average of seven days to occur. Franklin and Summit County VSC's have instituted policies which allow most financial assistance decisions to be made on the same day, except when a caseworker believes that a case needs to be investigated further and an investigator is asked to review the client's claims. As a result, the peers have created more efficient systems which help to ensure that only eligible cases are approved for assistance.

MCVSC has indicated that, because of Agency concerns about fraud and controls, it will not implement this recommendation. However, AOS maintains that, with the increased level of documentation and scrutiny (provided through the internal audit processes), these concerns would be mitigated.

R5.3 MCVSC should develop written policies and procedures to ensure that eligibility requirements contained in MCVSC's financial assistance policy manual are being met. The Executive Director and members of the Commission should meet periodically to review a sample of approved cases to determine whether financial assistance investigators and veterans service officers are making assistance decisions that are in accordance with MCVSC's financial assistance policy manual. The results of these reviews should be discussed with all MCVSC employees and used as a tool to improve performance. Conducting these client file reviews should help ensure MCVSC is in compliance with its financial assistance policy manual.

During the course of the audit, the Executive Director and Administrative Officer began to undertake frequent internal audits to ensure adherence to Agency policies and internal controls.

MCVSC has not adhered to provisions contained in its financial assistance policy manual. During the audit, AOS conducted a review of 60 MCVSC client files which were active from January 1, 2003 through July 30 2004. Files were randomly selected and were reviewed for documentation such as DD214 forms, pay stubs, receipts, residency and the assistance awarded. One client file requested was not available because the veteran was deceased and the file had been sent to Montgomery County Archives Department.

In the course of the audit, it was noted that many files did not adhere to the verification requirements of MCVSC’s policies and procedures for granting financial assistance. These areas are outlined in **Table 5-1**.

Table 5-1: MCVSC File Review Results - Verification

Verification Requirements	Requirement	% Non-compliant Cases Approved
Military Service: all applications must have a copy of the DD214 form or WD-53-55 form which verifies military service	- DD214	2%
Income and Expenditures: all items listed on the application form (income or expenditures) must be verified by the intake person or attached as back-up information.	- Income and Expenditures Information	15%
Custody: all applications must include custody papers or birth certificates for each child listed on the application	- Custody Papers or Birth Certificate	8%
ODJFS Registration/Employment History: all unemployed clients must show proof of being registered with the Ohio Job and Family Services Agency or the Job Bank. The client must also provide an employment history for the past three years.	- ODJFS Unemployment Registration - 3 Year Job History	49% ¹
County Residency: all clients must be County residents for at least 90 days and must provide substantive proof of residency, other than a handwritten note.	- Proof of Residency (e.g. utility bill)	2% ²
Expenses: all applications must include proof of all expenses incurred in the past month .	Expenditure Information	51% ³

Source: MCVSC Assistance File Records

¹ These were clients who had no income listed and were assumed to be unemployed.

² A letter from Butler County indicated that the individual had not been a resident of Montgomery County for 90 days. Despite this fact, the case was still approved for assistance.

³ 30 out of 59 cases (51%) had no documentation of any expenses, while 15 out of 59 cases (25%) provided at least one receipt. Even though at least one receipt was provided in 25 percent of the cases reviewed, other expenses were listed but no documenting receipts were shown.

In addition, multiple cases did not have clear explanations for previous expenditures made by clients. For example, one client provided a personal check for \$200 that was made out to another individual. Although the amount of the check, or the reason for the

expenditure was not discussed in the case notes, the client was approved for a total of \$1296.17 in assistance⁵⁻¹. Another client had a bankruptcy expenditure of \$200 and a miscellaneous expenditure of \$300 that was not explained. The case was approved for a total of \$958 in assistance⁵⁻². Finally, one veteran claimed that he was taking college classes and not working, although no documentation was submitted to verify this claim. This veteran, during the previous month had paid a cell phone bill for \$128. This case was approved for \$296.14 in assistance⁵⁻³.

In several cases, the timeliness of decision-making and contact with the veteran appeared to be an issue. **Table 5-2** shows the results of a review of timeliness.

Table 5-2: MCVSC File Review Results - Timeliness

Timeliness Requirements	Results
Length of time to decide case outcome	7 days
Date indicating when case was approved or denied	No record on form – post-it notes used to track dates.
Date of case review by Executive Director	No date or signature indicating review

Source: MCVSC Assistance File Records

Because many of the records reviewed contained no indication of the date the case was determined or reviewed by the Executive Director, the veracity of information could be questioned.

In addition, 3 of the 60 cases reviewed contained issues or extraordinary expenses that appeared to violate the assistance guidelines promulgated by MCVSC. These are categorized as questionable claims and are outlined below in **Table 5-3**.

Table 5-3: MCVSC File Review Results – Questionable Claims

Issue	Amount Awarded
Luxury Items: Client paid a phone bill of \$157 and a cable bill of \$300. After making these payments, the client was unable to pay for basic necessities. ¹	\$958
Unreasonable Expenses: Client incurred \$351 in overdraft checking fees and spent \$60 on cable television.	\$1442.96
Suspicious Circumstances: Client claimed wallet was stolen and needed funds to cover stolen money ²	\$627.16

Source: MCVSC Assistance File Records

¹ This pattern was noted in several cases—client paid expenses for cable television, high car payments, and excessive phone bills.

² It was later discovered that this individual spent a portion of the food voucher on shrimp, lobster and steak.

⁵⁻¹ This amount included \$725 in rent assistance, \$375 in food vouchers, \$56.20 in electric assistance, \$33.35 in gas assistance, and \$106.62 in water assistance.

⁵⁻² This amount included \$425 in rent assistance, \$300 in food vouchers, and \$233 in utility assistance.

⁵⁻³ This amount included \$200 in food vouchers and \$96.14 in gas assistance.

Even though MCVSC does not provide financial assistance for items such as cable television, phone service (unless it is needed due to a medical emergency), life insurance, high car payments or personal loans, the fact that clients have spent monies on these items impacts the client's ability to make payments for other basic necessities. In the case file review, it was found that although clients made payments on luxury items, financial assistance was still awarded. Granting financial assistance to these clients violates provisions contained in MCVSC's financial assistance policy manual which permits cases to be denied based on excessive cable bills, excessive telephone bills unless due to a health condition or emergency, excessive car rentals or leases, and purchases of luxury items.

Lastly, during the course of the audit, AOS was provided a list of 34 cases which appeared to violate MCVSC's financial assistance policies. The majority of these files involved cases being approved after initial denial by the Executive Director. Only one of the cases offered proof that MCVSC's Commission reviewed and approved the request for assistance prior to the reversal of the original decision. MCVSC's financial assistance policy manual requires the MCVSC Commission to approve any cases that have been denied by the Executive Director. Ten of the cases were reviewed and the results are summarized in **Table 5-4**.

Table 5-4: MCVSC File Review Results – Denied Cases Later Approved

Date: Issue: Circumstances	Amount Awarded
<p>August 6, 2003: Inability to maintain current lifestyle based on income. The case was initially denied, but approved five days later after the Executive Director had two phone conversations with the client. An updated application was not completed and the Commission did not review or approve the application. The client later requested additional assistance for rent to avoid eviction. The MCVSC investigation revealed that the client had paid no rent since moving into his residence and that the landlord had concerns about drug use and prostitution. The Executive Director noted that the client should be denied on future claims after the conclusion of the investigation.</p>	\$700+ ¹
<p>August 8, 2003: Over income limits. Client was expected to receive unemployment benefits but, upon denial of the claim, the client produced a letter stating that no unemployment benefits were expected. Assistance was granted but an updated application was not completed and the Commission did not review or approve the application.</p>	\$637.47
<p>August 26, 2003: Maximum amount for utility bills exceeded. A client's utility payment was denied because the bill submitted showed the amount to be \$519.88 (MCVSC maximum=\$500). A day after the denial, the amount was verified as \$499.99. Assistance was granted but an updated application was not completed and the Commission did not review or approve the application</p>	\$499.99
<p>September 9, 2003: Over income limits and legal custody. The client did not provide appropriate information regarding the custody of children. Unexplained and miscellaneous expenditures made by the client totaled \$476.84. Assistance was granted two weeks after the initial denial of claim but an updated application was not completed and the Commission did not review or approve the application.</p>	\$837.16
<p>October 8, 2003: Unclear expenditure amounts. The client submitted two bills showing different amounts for mortgage payment. Initial assistance for utility payments was approved but the mortgage assistance was denied. After the investigator determined the minimum mortgage payment required by the mortgage company, assistance for the mortgage payment was issued 14 days after the first assistance payment. There was no information concerning why the application was approved in two different stages</p>	\$1,296.75
<p>October 14, 2003: Client receiving other public assistance. The client was seeking assistance for utility payments and food. Assistance for utilities was approved two days after the initial denial. Food assistance was approved nine days later. No information was provided concerning why the claims were approved and no evidence existed that the Commission reviewed this case.²</p>	\$167.66+ ³
<p>November 21, 2003: Duplicate Claims. A case was approved for rent twice in a four day time span. A new application was not completed and no evidence was found that the Commission reviewed and approved this additional rent expenditure. In addition, the client claimed a miscellaneous expense of \$357 on the application which was not explained but was noted by the investigator.</p>	\$894.00
<p>October 17, 2003: No employment history. The client claimed to be unemployed for 5 months and did not submit a work history. The claim was denied by the Executive Director but then approved 13 days later. There was no evidence that the Commission reviewed or made a decision about the case, and no employment history was found in the file.</p>	\$1,070+ ⁴

<p>November 25, 2003: Self-induced Emergency. The client was denied for having a self-induced emergency. The client owed \$3,122.88 on credit cards, had a \$415 monthly payment for a motorcycle and a cable bill of \$143. An appeal form was completed by the client and the case was then approved by the Commission for \$375 in food vouchers 17 days later. No information about the appeal was present in the file. Nine days after the approval of food vouchers, the client was approved for utility payment assistance. No information was contained in the file concerning why the case was approved at various times.</p>	<p>\$760.75</p>
<p>December 11, 2003: Maximum amount for rent exceeded. The client claimed to have withdrawn money from the bank but lost it. No police report was included in the file. The application was denied because the client’s mortgage was \$1,428.21 (MCVSC’s maximum rent assistance is \$1,000). The client made a payment of \$688.21 to the mortgage company. Financial assistance of \$1,000 was then approved. No evidence was found to indicate that the Commission reviewed this case or approved the rent assistance. It could not be determined how the client obtained the money to make the payment since both checking and savings accounts listed on the application had zero balances.</p>	<p>\$1,000</p>

Source: MCVSC Assistance File Records

¹ This claim included an unspecified amount for glasses.

² A note contained in the file indicated that the client had committed fraud against MCVSC in 2002. MCVSC had paid for the client’s prescription bills while the client was reimbursed from the VA for the cost of the prescriptions. MCVSC became aware of this in 2002 and refused to provide any further prescription coverage to this individual. There was no information contained in the file to indicate whether the client re-paid any monies to MCVSC.

³ Food vouchers in an unspecified amount were issued to this client.

⁴ Bus tokens in an unspecified amount were issued to this client.

In nearly half of the sampled cases (49 percent) clients were not employed, and many of these clients did not appear to be actively searching for work. Although MCVSC has provisions in its financial assistance manual regarding employment status, it has not enforced these provisions. MCVSC’s financial assistance application requires employees to document the employment status of veterans, but specific reasons for the loss of employment are not documented or reviewed. Therefore, many unemployed clients return to MCVSC seeking assistance over a long period of time. As a result, MCVSC repeatedly authorizes financial assistance to these clients, thereby increasing the total amount of assistance distributed.

In order to encourage clients to become self-sufficient, Franklin County VSC and Summit County VSC have taken additional steps. Franklin County VSC requires unemployed clients to be registered with an ODJFS representative located at the veterans service commission offices. In addition, Summit County VSC will not provide assistance for a period of 180 days to veterans who have been terminated from employment for reasons such as absenteeism, tardiness, theft, or insubordination. Both Franklin and Summit County VSCs have adopted measures which will hold veterans responsible their actions.

Also, by failing to adhere to its financial assistance guidelines, MCVSC is creating a greater risk for undetected fraud by clients or staff. Further, without supporting

documentation for income or expenditures, MCVSC decision-makers cannot be certain that clients are being truthful.

In order to ensure that consistent decisions are being made and that cases are legitimate, both Cuyahoga County VSC and Summit County VSC employ investigators who review and investigate any claims that are deemed by caseworkers to be suspicious. Summit County VSC investigators show up unannounced at a client’s residence seeking to verify information contained in the application. Summit County VSC also has its commissioners conduct periodic client file reviews to determine whether the required information is being captured and whether decisions made are reflective of the financial assistance policies.

R5.4 MCVSC should implement additional controls on assistance provided to clients to ensure that appropriate and consistent decisions are made for eligible clients. Improving policies and procedures would help MCVSC reduce individual and total claims expenditures, and help to reduce both the annual increase in financial assistance appropriations and the number of budget amendments made throughout the year.

MCVSC indicated that the Executive Director and Administrative Officer will undertake frequent internal audits to ensure adherence to Agency policies and internal controls.

MCVSC approves a greater percentage of applications and provides a higher level of assistance on a per case basis when compared to the peers. When this information is coupled with the problematic cases indicated in **R5.3**, both the level and validity of claims paid is called in to question. **Table 5-5** shows financial assistance data for MCVSC and the peers.

Table 5-5: 2003 Distribution of Financial Assistance

	MCVSC	Cuyahoga VSC	Franklin VSC	Summit VSC	Peer Average
Financial Assistance Applications Processed	2,160	4,917	2,600	6,182	4,566
Cases Denied Financial Assistance	333	1,450	601	842	964
Cases Approved for Assistance	1,827	3,467	1,999	5,340	3,602
Percentage of Cases Approved	84.5%	70.5%	76.8%	86.3%	77.8%
Total Amount of Assistance Distributed	\$1,164,657	\$2,159,083	\$1,370,864	\$2,580,725	\$2,036,891
Average Amount of Assistance Distributed Per Each Case Approved	\$638	\$623	\$685	\$483	\$597

Source: GOVA reports

MCVSC approved a higher percentage of applications and paid a greater amount for assistance when compared to two of the three peers and the peer average. Although MCVSC distributed the lowest amount of total financial assistance when compared to the peers, it authorized nearly 7 percent more financial assistance per case approved when compared to the peer average. These numbers suggest that MCVSC has been more generous in approving assistance on an individual case basis. Also, using the information in **R5.3** it appears that MCVSC may inflate its assistance amounts by paying claims the peers would have denied for valid reasons.

Furthermore, as MCVSC has not emphasized the clients’ need to demonstrate self-sufficiency, it may be further increasing financial assistance expenditures. **Table 5-6** further compares MCVSC’s financial assistance expenditures by category for a two year period.

Table 5-6: MCVSC Financial Assistance Expenditures by Category

	2002	2003	2002 to 2003 Percentage Change
Food	\$282,480	\$400,675	41.8%
Amount Per Application Approved	\$185	\$219	18.4%
Utilities¹	\$160,416	\$193,939	20.9%
Amount Per Application Approved	\$105	\$106	0.9%
Housing	\$320,105	\$527,433	64.8%
Amount Per Application Approved	\$210	\$289	37.5%
To Vet (or Misc.)	\$17,807	\$42,610	139.3%
Amount Per Application Approved	\$12	\$23	99.7%
Total Financial Assistance Expenditures	\$780,808	\$1,164,657	49.2%
Total Financial Assistance Applications Approved	1,525	1,827	19.8%
Amount Per Financial Assistance Application Approved	\$512	\$637	24.5%

Source: MCVSC Documents prepared for GOVA report.

Note: Every client approved for assistance received assistance in each category. This table may not agree with **Table 3-3** and **3-4** as it includes some additional categories and a greater degree of specificity.

¹ Utilities include gas, water and electric assistance.

Table 5-6 shows MCVSC significantly increased its financial assistance expenditures from 2002 to 2003, food expenditures per approved application increased by over 18 percent, while housing expenditures per application increased by nearly 38 percent. From 2001 to 2003, a period of three years, MCVSC’s total financial assistance expenditures grew by 69 percent, and financial assistance per approved application increased by over 31 percent. Some of the increase can be attributed to a 29 percent

growth in the number of approved financial assistance applications, coupled with an increase in the county's unemployment rate. Over the three-year period, Montgomery County's unemployment rate increased by nearly 47 percent. However, during the same time the peer's average unemployment rate grew by nearly 53 percent.

Lax approval parameters and generous individual payments increase MCVSC's financial liability to its clientele and indicate a casualness in planning for annual expenditures. Increasing controls over assistance would not only reduce the annual increases in financial outlays for assistance, but would improve MCVSC's ability to plan its annual expenditures. Finally, the generosity in assistance and the variability in claim requirements encourages clients to continue to seek assistance. These practices effectively decrease incentives to be self-sufficient and undermine the goals of the Commission.

R5.5 MCVSC should develop a formal written policy regarding the issuance of an annual report. This annual report should include comparative program operating statistics from the current and previous year(s). Any large fluctuations in the data should be noted and explained. An annual report will ensure that MCVSC is regularly compiling information which can be used by the Commission for monitoring and oversight. The report should be linked to the performance measures in its strategic plan, and should include all financial assistance expenditures by assistance category. This will enable MCVSC to identify and track historical costs and should be used as a tool to capture accomplishments throughout the year(s). In addition the annual report can be used as an outreach tool to disseminate information about MCVSC.

MCVSC does not prepare an annual report for distribution to stakeholders that describes key programmatic accomplishments and explains financial expenditures. MCVSC submits an annual report to the Governor's Office of Veterans Affairs (GOVA) which includes details about the number of clients seen, financial assistance cases processed, VA forms completed and financial assistance amounts distributed. However, the report does not offer explanations or an analysis of the information. In addition to the GOVA report, MCVSC also completes a monthly statistical report listing amounts of financial assistance provided and the number of vouchers issued. Although this information is provided to the Commission, no explanation or analysis is provided and the information is not itemized into categories of expenditures.

Each of the peers produces an annual report which highlights accomplishments and reports expenditures by assistance category, with explanations. Summit County VSC presents the current year's financial assistance expenditures and compares them to expenditures incurred during the previous year. The peers' annual reports also highlight achievements during the past year. In addition, Cuyahoga County lists performance indicators in its report for the preceding two years along with targeted goals and actual

numbers achieved. As a result, the peers can review and identify target areas which need specific attention. The peers also use their annual reports to showcase programs offered and provide statistics to verify achievement of organizational goals.

By producing a descriptive annual report, MCVSC could update its key message to the community and disseminate critical organizational information. As a result, potential users of MCVSC’s services would be more aware of programs offered and goals accomplished. Constituents and stakeholders would also be better informed of programmatic accomplishments. Likewise, court officials and the appointing Common Pleas Judge would be better informed of the operations of the Commission.

R5.6 The Executive Director should assume responsibility for the outreach program and assign the outreach employee the task of completing financial assistance applications 100 percent of the time. The Executive Director can then begin to establish a relationship between the Agency and external organizations and community leaders. Information exchanged during these meetings should heighten the visibility of MCVSC in the community and should increase the number of client contacts at MCVSC. The creation of this relationship with external entities will allow MCVSC to network with other agencies providing social service assistance, and should reduce the reliance of repeat clients on MCVSC services.

Table 5-7 presents information related to the number of client contacts in 2003 for MCVSC and the peers.

Table 5-7: 2003 VSC Recorded Client Contacts

	MCVSC	Cuyahoga VSC	Franklin VSC	Summit VSC	Peer Average
Total VSC Client Contacts ¹	1,958	6,766	22,173	56,643	28,527
Total VSO Client Contacts ²	3,279	19,214	44,346	11,668	25,076
Total Client Contacts	5,237	25,980	66,519	68,311	53,603
Ratio of Total Client Contacts to Veteran Population	1:10.9	1:4.5	1:1.4	1:0.7	1:2.2

Source: MCVSC and peers GOVA reports

Note: Client contact data from MCVSC was not verified but used for the purpose of this analysis.

¹ Includes personal, telephone and applicants

² Includes personal, telephone and applicants

As shown in Table 5-7, MCVSC had the fewest recorded and reported client contacts when compared to the peers. MCVSC had 93 percent fewer total VSC client contacts, 87 percent fewer VSO client contacts, and 90 percent fewer total client contacts when compared to the peer average. In addition, MCVSC averaged only one client contact for every 10.9 veterans residing in the county. The peer average was one client contact for

every 2.2 veterans residing in the county. This low number of client contacts suggests that veterans who reside in Montgomery County may not be aware of the services offered by MCVSC.

Summit County VSC has taken additional steps to increase its visibility in the community. The executive director and assistant executive director each spend two to three hours every day performing outreach activities. These activities include distributing pamphlets and brochures about SCVSC to local businesses, engaging in dialogue with various community and agency leaders, and giving talks or speeches to local groups. As a result, external organizations are familiar with the services offered by Summit County VSC and can provide information to prospective clients

Results from the AOS client survey of MCVSC clients indicated that almost half of the clients surveyed learned about MCVSC from a personal friend or relative. Using community outreach to highlight its services could help MCVSC generate client interest from other sources. Likewise, disseminating information about its services through the veteran and public assistance agencies will help MCVSC ensure that eligible veterans in need of assistance are able to access the appropriate agency.

R5.7 MCVSC should consider advertising to reach potential clients. The Executive Director, as part of his outreach duties, should contact various radio, weekly and monthly newspapers and television stations along with the RTA system to determine the number of advertisements that MCVSC could purchase with money allocated for advertising. MCVSC should also determine whether free public service announcements should be used to inform residents about services that are provided. In addition, MCVSC should develop a method for determining the effectiveness of the chosen advertising medium, such as surveying first-time clients about how they heard about the Agency. MCVSC should routinely review this information to ascertain whether the selected advertising medium is effective.

MCVSC does not use all funds budgeted for advertising and may not be effectively reaching its veteran community. In January 2003, MCVSC budgeted \$15,422 for advertising but spent only \$1,283.15 during the course of the year. Although MCVSC did allocate a portion of the advertising funds to be used for a newspaper advertisement, it did not track the effectiveness of this expense. MCVSC has not used advertising dollars for radio, newspapers, and television or bus signs because of the perceived large expense associated with these activities.

Summit County VSC purchased 90 half-minute radio spots to be aired on a local FM radio station. These spots offer information about SCVSC and its services. Cuyahoga County VSC purchased billboards on RTA buses which provide a telephone number and identify services offered by the agency. Cuyahoga County also secured a specially

“wrapped” bus which highlights information about the agency over the entire bus. Each of the billboards located on the buses has a different telephone number for a staff person located at Cuyahoga County VSC. Staff members are instructed to document calls they receive regarding information on advertising as a way to determine how effective it has been in reaching potential clients. Franklin County VSC purchased 30-second advertisements that aired on stations such as CNN and ESPN. Franklin County VSC was charged a fee of \$15,300 to have 65 commercials aired.

Although MCVSC has a smaller veteran population when compared to the peers, the number of veterans accessing the Commission’s services is comparable to the peer average. At MCVSC, about 1 application is filed for every 21 veterans in the county while the peer average is 1 application for every 20 veterans. However, Cuyahoga and Summit Counties have a higher application rate with 1 application for every 18 county veterans in Cuyahoga, and 1 application for every 8 county veterans in Summit⁴. MCVSC may be able to increase the number of client contacts by using alternative advertising methods that would reach a wider audience of potential clients.

R5.8 The Executive Director should develop a formal policy which highlights the importance and communicates the expectations of a written referral policy. Staff members should be taught how to document referrals and the number of referrals should be reviewed monthly and included in MCVSC’s annual report. The policy should also state the information that will be provided to a client when a referral is made. The creation of this detailed information about an external organization, and provision of the information to a client, will increase the likelihood that a client will actually visit the Agency. Clients who are found to have additional needs can be referred to agencies offering long-term assistance, thus reducing their reliance upon MCVSC.

During the course of the audit, MCVSC began to draft a policy formally highlighting the importance of referrals. The Agency indicated that it will monitor its progress in this area on a monthly and annual basis.

MCVSC has not developed a formal referral policy providing information to employees about how to properly document external agencies to which clients are referred. During the client file review it was found that in only 7 percent of the sampled cases, direct service staff noted a client was referred to an outside organization. Summit VSC has developed informational and educational material for staff and clients which is designed to facilitate referrals. One example is the Akron Street Card listing all social service agencies located in Summit County. This brochure also provides addresses, phone numbers, and hours of operation for these agencies.

MCVSC should require direct service staff to provide referral information to clients which includes the following: description of the program, address, phone number, and a contact name. By failing to include documentation of referrals, MCVSC cannot identify agencies with which it should work more closely, or evaluate the effectiveness of its referral process.

R5.9 MCVSC should use the recommendations in this section to improve efficiency within its direct client service operations. It should also reassign its outreach worker entirely to financial assistance. This will increase efficiency and the number of cases processed by MCVSC and provide greater opportunities to educate clients about alternative services available. Similarly, it will help MCVSC direct clients to employment and educational opportunities to increase self-sufficiency and decrease the level of assistance claims.

MCVSC veteran service officers spend 30 percent of their time handling financial assistance applications and 70 percent of their time completing VA claims. This allocation of work time is in reverse proportion to the peers. However, the client survey conducted by AOS indicated that about half of all clients accessing MCVSC services on a daily basis are seeking help in obtaining VA assistance. Another 14 percent of clients were obtaining financial assistance information while 20 percent were returning with information for a claim. The allocation of personnel and workloads are shown in **Table 5-8**.

Table 5-8: 2003 Direct Service Staff Allocation and Workload

	MCVSC	Cuyahoga VSC	Franklin VSC	Summit VSC	Peer Average
VA Assistance Staff FTEs	2.5	4.5	3.5	2.4	3.6
Financial Assistance Staff FTEs	3.9	7.6	6.6	7.5	7.3
Total Direct Service Staff FTEs	6.4	12.1	10.0	9.9	10.9
Estimated Veterans Per County ¹	56,863	118,103	90,707	51,090	86,633
Estimated Veterans per Direct Service Staff FTEs	8,885	9,761	9,071	5,161	7,997
Financial Assistance Applications Processed	2,160	4,917	2,600	6,182	4,566
Financial Assistance Applications Processed per Financial Assistance Staff FTEs	558	647	397	828	624
New VA Claim Applications Filed	539	1,559	188	422	723
New VA Claim Applications Filed per VA Assistance Staff FTEs	214	346	54	174	192
Total Applications (VA and Financial Assistance)	2,699	6,476	2,788	6,604	5,289
Total Applications Per Direct Service Staff FTE	422	535	279	667	494
Total Estimated County Veterans per Application filed	21	18	33	8	20

Source: VSC Documents, Department of Veterans Affairs, GOVA reports

Note: For the purpose of this analysis, FTEs were calculated based on a 40 hour work week. MCVSC and Cuyahoga VSC staff work 37.5 hours per week, while Franklin VSC employees work 40 hours per week and Summit VSC employees work 35 hours per week. The staffing levels for MCVSC and the peers were prorated based on interviews with the various executive directors concerning the amount of time employees spend completing tasks.

¹ VetPop2001 Adjusted to Census 2000, Department of Veterans Affairs – Office of The Actuary, Office of Policy and Planning

As shown in **Table 5-8**, MCVSC has a 34 percent smaller veteran population than the peer average, but has 11 percent more veterans per direct service staff FTE when compared to the peer average. MCVSC has one direct service staff member for every 8,885 veterans residing in the county, while the peers average one direct service staff member for every 7,997 county veterans. Although MCVSC has a similar number of FTEs per county veteran when compared to the peers, it processes slightly fewer applications on a per FTE basis.

Survey comments also indicated that veterans accessing MCVSC's services would like additional support in areas not reflected in the applications filed for VA or financial assistance. Although VA access and financial assistance ranked highest in responses to questions about reasons for accessing MCVSC's services, employment assistance and training were also ranked high by respondents. Respondents also indicated that, although over 50 percent of the time they were seen at their appointment time and a large majority were pleased with the scheduling process, in several cases, the wait for a scheduled

appointment was close to an hour⁵⁻⁵. Furthermore, 53 percent of respondents indicated that they had not been told about other services they could access, and 52 percent were not informed of the time-line for approving or denying financial assistance claims.

The survey responses about additional services, and indications that direct service workers may not be acquainting clients with the full range of services, may result from the low staffing levels and the learning curve associated with the implementation of the Time Matters software. Nonetheless, MCVSC should use the recommendations in this section regarding the clarity and consistency of decision-making and the delegation of responsibility to the service workers to improve its efficiency. Likewise, all direct services staff should perform duties associated with educating clients about other services and ensuring that all clients are aware of the time frames for assistance claim decisions. Increasing efficiency in application processing and redirecting the outreach worker's duties will help MCVSC service workers free up time to educating clients about MCVSC practices and alternative services available.

⁵⁻⁵ Seventy percent of respondents had scheduled appointments to meet with direct service workers at MCVSC.

Appendix 5-A: Client Survey Responses

A customer survey was distributed to 60 MCVSC clients in the waiting room during various mornings and afternoons in September and October, 2004. The purpose of the survey was to obtain client feedback and perceptions about customer service and related issues. The survey solicited responses to 36 statements concerning the quality and timeliness of service provided, types of assistance needed, and demographic information. Survey questions were multiple choice; yes/no/does not apply (N/A); or on a scale of 5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree. Question 14 and 15 were not included in the survey results because these questions dealt with the time clients arrived and the time they were instructed to arrive. Question 36 was not included in the results because it concerned any additional comments clients had about MCVSC. **Table 5A-1** summarizes the results.

Table 5A-1: MCVSC Customer Service Survey

Survey Questions	Client Results
1) Why are you here today? A) To pick up information about financial assistance B) To bring back a completed packet and apply for aid C) To apply for VA assistance D) To appeal my case E) Pick of vouchers F) Other	14.3% 19.5% 48.1% 6.5% 3.9% 7.8%
2) Did you know what information or paperwork to bring in?	84.7% Yes 8.5% No 6.8% N/A
3) If you had to bring in certificates, bills, or other paperwork, how long did it take to get these together? A) Less than one hour B) More than one hour C) Two-three hours D) More than three hours	50.9% 19.3% 10.5% 19.3%
4) Have you ever filed for assistance before at MCVSC?	71.7% Yes 28.3% No
5) If your answer to question number 4 is yes, has the service(s) provided shown an improvement?	51.2% Yes 26.8% No 22.0% N/A
6) Have you received assistance before?	71.7% Yes 28.3% No
7) If you have received assistance, do you understand why you were given the amount of aid?	68.4% Yes 8.8% No 22.8% N/A
8) If you have been here before, but were denied assistance, were you told why?	27.3% Yes 16.4% No 56.4% N/A
9) Do you have a scheduled appointment?	70.0% Yes 30.0% No

Survey Questions	Client Results
10) In the past, if you have visited MCVSC seeking financial assistance, were you seen at your scheduled appointment time?	58.6% Yes 13.8% No 27.6% N/A
11) In the past, if you were not seen on time for a scheduled appointment, how long did you have to wait?	Average of 54.8 Minutes
12) Have you ever used transportation provided by MCVSC?	3.3% Yes 96.7% No
13) If you have a scheduled appointment, are you satisfied with the scheduling process?	64.3% Yes 8.9% No 26.8% N/A
16) How much time have you spent at the veterans service commission today? A) 1 hour or less B) 2-3 hours C) 4-5 hours D) More than 5 hours	80.8% 19.2% 0.0% 0.0%
17) Did a staff member tell you how long it will take until you received aid?	31.5% Yes 51.9% No 16.7% N/A
18) Did anyone explain the guidelines for aid to you?	87.9% Yes 10.3% No 1.7% N/A
19) Were you told by veteran service commission employees about other job assistance centers or self-help programs	38.6% Yes 52.6% No 8.8% N/A
20) I need help finding a job. I need training or counseling to make it easier to get a job. I need help in getting veterans benefits from the federal government. I need help in paying an electric or gas bill. I need help in paying a phone bill. I need help in paying mortgage or rent. I need help with groceries and food.	3.5 3.1 4.1 3.8 3.6 3.6 4.0
21) The amount of time spent in the waiting room is reasonable.	3.4
22) The staff members are able to answer my questions and were friendly.	3.9
23) I had to wait too long to get a decision on my case (For MCVSC financial assistance cases only.	2.9
24) I would come back to the veterans service commission for help.	4.1
25) I feel that the staff treated me in a respectful way.	4.0
26) The staff members were able to answer my questions and are knowledgeable about veterans' issues.	4.0
27) I believe that MCVSC does a good job in providing help to	4.0

Survey Questions	Client Results
veterans.	
28) I believe that the hours that the veterans service commission is open are convenient.	4.0
29) The main location (627 Edwin C. Moses Blvd) in Dayton is convenient.	4.1
30) How did you find out about the services offered by MCVSC?	
A) Another Agency	11.9%
B) Other Veterans Organization	20.3%
C) Friend/Relative	45.8%
D) Brochure/Newsletter	0.0%
E) Radio Advertisements	0.0%
F) Other	22.0%
31) I am aware that MCVSC publishes a newsletter	2.9
32) What day of the week is the most convenient for you to visit MCVSC?	
A) Monday	25.6%
B) Tuesday	16.3%
C) Wednesday	25.6%
D) Thursday	11.6%
E) Friday	4.7%
F) Saturday	14.0%
G) Sunday	2.3%
33) What time of the day is the most convenient for you to visit MCVSC?	
A) 8:00 am – 10:00 am	51.0%
B) 10:00 am – 12:00 pm	23.5%
C) 12:00 pm – 2:00 pm	9.8%
D) 2:00 pm – 4:00 pm	5.9%
E) 4:00 pm – 6:00 pm	3.9%
F) 6:00 pm – 8:00 pm	5.9%
34) I am satisfied with the services and assistance offered by MCVSC.	3.9
35) On a scale of 1 to 5 how would you rate the service that you received at MCVSC?	3.9

Note:

Questions 20-29, 34 and 35 show the average response based on the following scale: 5 – Strongly Agree, 4 – Agree, 3 – Neutral/Not sure, 2 – Disagree, 1 – Strongly Disagree

Questions 20-29, 34 and 35 show the average response based on the following scale: 5 – Strongly Agree, 4 – Agree, 3 – Neutral/Not sure, 2 – Disagree, 1 – Strongly Disagree

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Technology

Background

This section focuses on the technology functions within the Montgomery County Veterans Service Commission (MCVSC). The scope includes assessments of staffing and processes; technology architecture and network communications; hardware and software; professional development; security; records retention, and technology planning, budgeting and financial management.

Overview

Montgomery County Veterans Service Commission (MCVSC) is centrally located in one facility which contains all computers and other technology for staff to process veterans' applications for assistance. MCVSC employs a financial assistant specialist/information technology support administrator responsible for the following technology functions:

- Support of the Local Area Network (LAN), database server, file-print server, Time Matters 5.0 software, and computers;
- Support of the peripheral Information Technology (IT) equipment such as scanners, digital photography, handheld solutions and other normal IT office technology; and
- Routine maintenance and statistical reporting for the MCVSC website.

MCVSC connects to the Montgomery County network for Internet access and e-mail through a T-1 line. MCVSC operates with 14 computers, thirteen of which were purchased in FY 2004. MCVSC's phone system has 8 lines, with 1 line dedicated to the director.

All MCVSC staff have Groupwise, Time Matters 5.0, and Microsoft Office software installed on their computers. MCVSC uses the following software applications in daily operations:

- **Microsoft (MS) Office Suite 2000 and XP** – MS Word, Excel, Access, Powerpoint and Groupwise are installed on all computers.
- **Time Matters 5.0**– This is an automated system for recording requests and approvals for emergency financial assistance to veterans. The software is installed on all computers, and allows financial assistant specialists to schedule and track client appointments and client demographic information electronically. The software application also captures and stores the information required to generate a financial assistance application, including information on employment, residency, income sources, health and expense information. Time Matters

5.0 also allows tracking of vouchers for food, and local transportation. The Executive Director electronically approves applications. The financial staff is then notified and processes the application for payment. MCVSC can produce aggregate reports for any field that is tracked with the software. For example, the software can create reports that show the percentage of veterans who fought in a particular war.

- **Other** – Veteran Service Officers (VSOs) use Veterans Information Management System (VIMS) to access Federal Veteran Assistance (VA) information. The administrative staff uses the Montgomery County Performance 2.4 System for financial and accounting transactions. MCVSC electronically submits billing documents to the Montgomery County Auditor to process checks to pay a veteran’s creditors.

MCVSC includes, at a minimum, the following information in the files for veterans: discharge papers (DD-214), marriage certificates, birth certificates, death certificates, proof of 90 day residency, photo identification, pay stubs, statement of monthly bills and expenses, landlord/mortgage statements, unemployment/worker’s compensation, social security paperwork, and verification of VA benefits, as well as other relevant information pertinent to the veteran⁶⁻¹.

Financial/Budgeting

Table 6-1 shows MCVSC technology expenditures for 2002, 2003 and 2004. The Montgomery County Data Processing Board approves technology purchases over \$15,000. MCVSC submits a budget to the Montgomery County Board of Commissioners that contains budget recommendations for technology.

Table 6-1: MCVSC 2002-2004 Technology Expenditures

	2002	2003	2004 ²	3 Year Average
Software	\$25	\$0	\$2,709	\$911
County Telecommunications	\$20,796	\$17,858	\$8,170	\$15,608
Internet (Internal)	\$932	\$975	\$910	\$939
Internet (External)	\$279	\$375	\$225	\$293
Data Processing	\$5,283	\$4,797	\$26,349	\$12,143
Other¹	N/A	N/A	\$101	\$101 ³
Total	\$27,315	\$24,005	\$38,464	\$29,927

Source: MCVSC Expenditure Financial Analysis Inquiry Report

¹ The Other category shows a 2004 purchase of one scanner.

² 2004 includes technology expenditures through September 2004

³ This figure only includes expenditures from 2004.

⁶⁻¹ Information on file for veterans is currently maintained in paper format.

In FY 2004, MCVSC purchased 13 new computers and software, which explains why technology expenditures are significantly higher than in previous years.

Assessments Not Yielding Recommendations

- **Technology use policies:** MCVSC follows the County's technology use policy. By following a formal technology policy that includes employee rights and responsibilities, MCVSC effectively minimizes the risk of abuse and ensures appropriate usage of county equipment.
- **Telephone system:** MCVSC's telephone system is currently adequate to meet its needs.
- **License agreements:** MCVSC maintains software licenses for Microsoft Office and Time Matters 5.0.

Findings and Recommendations

R6.1 MCVSC should work with the Montgomery County Data Processing Center (MCDPC) to develop a Service Level Agreement (SLA) that contains formal and explicit performance responsibilities and measures. Detailed responsibilities and performance measures will enable the Executive Director to better evaluate services provided by MCDPC and identify areas for mutual improvement.

During the course of the audit, MCVSC worked with MCDPC to develop a SLA.

MCVSC's relationship with MCDPC is not formalized through an Information Technology Service Level Agreement (SLA). The Data Processing Center assists MCVSD with MIS and IT-related functions such as help-desk services, troubleshooting and support, e-mail accounts, Internet, project evaluation assistance, and back-up tape storage. MCDPC is a county agency operating under the Automatic Data Processing Board, which is administered by the Montgomery County Auditor. The MCDPC technical services manager indicated that his Agency's goal is to provide support within 24 hours of a request. If MCDPC is unable to provide support within that time frame, the reason why support could not be provided is given to the requesting agency. The financial assistant specialist/information technology support administrator indicated MCDPC's typical response time for the Veterans Service Center is close to two weeks.

MCVSC does not have full-time Information Technology (IT) staff. MCVSC employs a financial assistance specialist/information technology support administrator who spends a portion of his time on technology duties, such as supporting equipment, conducting training and performing system maintenance. The financial assistance specialist/information technology support administrator allocates 60 percent of his time to financial assistance and 40 percent to technology.

According to the Robert Frances Group, Inc. (RFG), a help desk best practices organization, SLAs should contain the following elements:

- Detailed descriptions, including specifications about volumes, responsiveness, timeliness and level of service provided;
- A list of specific parties (names and contact information) and their specific responsibilities;
- Performance measures that specify tools to be used to monitor and measure results and over what period of time, as well as the data to be used and how the results will be calculated.
- Problem management and escalation procedures that describe what happens if SLA objectives are not met (i.e. penalties); and

- Periodic reviews of service or a schedule of regular meetings to discuss SLAs and services provided.

RFG offers the following examples of performance measures for inclusion in SLAs:

- Average number of service requests per user/per month;
- Average amount of time MCDPC requires to solve support issues;
- Percent of time MCDPC support staff spends on the phone with MCVSC;
- Percent of time MCDPC support staff spends at the MCVSC facility; and
- Percent of time support issues are solved over the phone.

Both the Franklin County Veterans Service Commission (FCVSC) and the Cuyahoga County Veterans Service Commission (CCVSC) have SLAs in place describing services to be provided such as priority levels for support (i.e., high, medium, low priority), and other responsibilities such as storing tapes for backing up data.

Without an SLA agreement, there is an increased risk of computer down time and confusion if technology problems arise. By explicitly identifying measures of performance within a SLA, both MCDPC and MCVSC will be in a better position to anticipate and compensate for technology-related problems that may occur, and effectively minimize potential risk to the organization. The Executive Director should ensure that all MCVSC employees are aware of the terms and responsibilities set forth in the SLA. In addition, job descriptions at MCVSC should be updated as needed to reflect those responsibilities.

R6.2 MCVSC should formalize its technology needs assessment process and link it to its Agency-wide strategic plan. The Executive Director should ensure that Commission members are apprised of these efforts and approve MCVSC's recommended needs assessment before submission to the MCDPC.

The Agency indicated that it has begun to incorporate technology needs into the Agency's strategic plan.

Although technology is adequate and appropriate, MCVSC does not have a formal process for assessing the technology-related needs of its employees and replacing equipment. Equipment has typically been replaced based on available funding. Recommendations for MCVSC technology purchases can originate from a variety of sources, including MCVSC staff and the Executive Director, the Montgomery County Public Defenders Office, or MCDPC.

The Data Processing Board is required to formally approve MCVSC technology purchases over \$15,000. For software purchases \$1,500 and above, and hardware

purchases \$2,500 and above, a “process 4” form is required to be completed by MCVSC, and is approved by MCDPC and the Montgomery County Office of Management and Budget (OMB).

MCVSC has recently upgraded its technology. In 2004, MCVSC purchased 13 new computers and a server. The server and computers were replaced because the previous server was not working at an optimal level and the majority of desktops were at least four years old. MCDPC was consulted and evaluated the need for the computer upgrade and server, and assisted MCVSC in developing specifications. MCVSC is currently in the process of purchasing new scanners at an approximate cost of \$800.

In conjunction with the computer purchase, MCVSC purchased and installed Time Matters 5.0 software to facilitate the financial assistance application process. The Deputy Director of the Montgomery County Public Defenders Office was involved in evaluating the Time Matters 5.0 software and the need for new computers. The Public Defenders Office implemented the Time Matters software in March 2002 and assisted in the installation and implementation at MCVSC in April 2004. The Time Matters 5.0 software has an upgrade available in January 2005, for an approximate cost of \$1,300 to \$2,600, depending on the upgrade version chosen.

The Government Finance Officers Association (GFOA) suggests that formal needs assessments are especially valuable in building employee consensus about how and when to proceed with technology-related purchases. Consensus is built by obtaining input from an agency’s employees and identifying costs, risks, and benefits of varying courses of action. GFOA offers the following four-step methodology for assessing technology needs:

- **Define the problem:** Obtain direction from management regarding long-term technology-related goals the agency wants to pursue (e.g., strategic plan), gather ideas from staff about immediate needs, and evaluate the current system to identify gaps.
- **Identify research alternatives:** Assess the availability and operational feasibility of technology to address identified gaps between the strategic plan and current system. Assess any costs and identify vendors associated with the implementation of the hardware and software.
- **Establish options and develop recommendations:** Evaluate and refine the alternatives and develop a draft of all recommendations based upon costs, timeframes, advantages and disadvantages.
- **Finalize the decision and take action:** Develop an action-plan that includes timeframes for assigning staff responsible for the project, developing requests for proposals (RFP) if necessary, obtaining funds, and implementing the project.

Peers use different methods to plan for new technology. The Cuyahoga County Veterans Service Commission (CCVSC) uses a strategic technology plan that provides future guidance on technology equipment and standards. Summit County Veterans Service Commission (SCVSC) assesses and reviews software and hardware inventories on a semi-annual basis. If equipment needs to be replaced during the year, the Information Technology (IT) department makes recommendations which are discussed formally in a meeting between the director, assistant director and financial officer. Franklin County Veterans Service Commission (FCVSC) assesses technology needs by requiring employees to submit a list to supervisors on an annual basis. Staff request lists are reviewed and prioritized by the Executive Director, who develops the Agency's IT project plan. Once the IT project plan is approved by the Veterans Service Commission members, it is presented to the Montgomery County Office of Management and Budget (OMB), which then makes a recommendation to the County Board of Commissioners for approval.

CCVSC plans to implement newer back-up technologies (external USB 2.0 connectable disk-drive) and a computer search application so users can search electronic documents. SCVSC purchased and installed a computer data entry system in 2003, which allows the veteran to provide information orally instead of filling out an application. SCVSC also purchased an appointment system to improve scheduling for veterans who come in for assistance. FCVSC uses Veteran Assist software, an automated system for recording requests and approvals for emergency financial assistance for veterans. The system has the ability to store complete and detailed client information, both military and other, including scanned copies of DD214 discharge papers. FCVSC staff also each have a printer, scanner and signature pad at their workstations to process veteran applications.

Without a formal process for assessing technology needs, MCVSC lacks a strategic focus for upgrading equipment and addressing long-term technology needs. A formalized technology needs assessment process will help MCVSC's decision making process while effectively and efficiently addressing Agency needs. With a comprehensive strategic plan that includes employee input about technology needs and objectives identified by a formalized assessment process, MCVSC would be in a better position to accurately assess employee technology needs, including training, and prepare a long-term budget which allocates sufficient funds to technology. MCVSC would also be in a better position to support its technology requests to the County.

- R6.3 MCVSC should establish formal procedures for minimizing potential computer disruptions by developing a disaster recovery plan. These procedures should be updated regularly and annually tested to ensure employee awareness. MCVSC's disaster recovery plan should provide for the availability of critical computer and communications systems in the event of a major crisis. Standard procedures for developing, maintaining and updating the recovery plan should be documented and**

distributed to all personnel. MCVSC should work with MCDPC in developing its disaster recovery plan.

The Agency indicated that it has begun working with MCDPC to develop and implement a disaster recovery plan.

MCVSC does not have a formal disaster recovery plan that describes methods and procedures to safeguard and restore Agency operations in the event of a disaster. All data on the server is backed up on tape once a week and sent to an off-site storage location. MCDPC stores MCVSC's back-up tapes off site. Data on the server includes, but is not limited to, VIMS, personal folders, all scanned documents, financial data, County e-mail/Internet, and Time Matters 5.0. The financial assistance specialist/information technology support administrator also backs up Time Matters 5.0 software separately every Monday and Wednesday. According to the financial assistance specialist/information technology support administrator, recovering data would not be an issue in the event of a disaster, other than data that is entered after the tape is backed up. In the event of a disaster, MCDPC support staff would be informed about the extent of the damage and assistance required to fix resulting computer hardware and Internet problems.

State and local governments have a duty to ensure that disruptions in the provision of essential services are minimized following a disaster. Effective disaster recovery planning must specifically and formally address those policies and procedures that minimize the disruption of government operations should computers fail. According to GFOA, the body of the plan should include the following elements:

- Emergency action-step information: one-page summary of immediate steps to be taken and individuals to be contacted;
- Emergency contact list: names, telephone numbers, and alternative means of contact;
- Prevention/protection strategy: scheduling procedures and persons responsible for routine testing and inspection;
- Inspection form: checklist of when and what requires inspection (e.g., fire alarms, smoke detectors, etc.);
- Responsibility checklist: list of what all employees are required to do in the event of a disaster; and
- Instruction: specific details about how to recover any salvageable equipment, how to retrieve data from MCDPC and how to re-establish services at an alternate site, should MCVSC's primary facility be unusable.

SCVSC has developed a Computer System's Contingency Plan. The contingency plan contains contact information, and information on backup procedures, monitoring tools,

redundant workstations and network security. This document covers contingencies in the event of emergency server failures, hardware failures, and software failures.

The Cuyahoga County Information Services Center (CCISC) has an agreement with CCVSC to store tapes offsite. Client responsibilities include informing CCISC of changes that affect tapes delivered. Contact information is provided and the annual cost of backing up tapes is approximately \$3,300.

Without a formal plan, timely service to clients could be adversely affected while repairs and replacements are considered following a crisis situation. If there are no formal policies and procedures that assign responsibilities to specific individuals, MCVSC's employees may become confused in an emergency situation, resulting in disruption of services to clients. For example, if a fire destroyed MCVSC's offices, a disaster recovery plan should identify specific names and telephone numbers of contacts at MCDPC, as well as MCVSC employees responsible for making those calls.

- R6.4 MCVSC should develop a record retention policy similar to the Ohio Historical Society (OHS) methodology. MCVSC should determine which files do not have long-term value, such as outdated receipts and client applications, and which files have long-term administrative value, including DD214 discharge papers. By following the OHS's recommendations, MCVSC could enhance administrative efficiency by allowing the reuse of storage space and filing equipment, while preserving those records that have historical value.**

During the course of the audit, the Agency implemented this recommendation.

MCVSC does not have a formal, written records retention policy. MCVSC's general policy is to keep records with no activity for 10 years, then purge and send the records to the County to be archived. MCVSC maintains approximately 6,000 client records, with 1,183 records entered into the Time Matters 5.0 system. MCVSC stores paper files in two locked rooms. One of the rooms stores Federal Veteran Assistance (VA) files and the other stores financial assistance files. All personnel in the organization have access to financial assistance records. VSOs are the only MCVSC employees with access to VA files. VA files contain information needed to process federal assistance, such as medical and education records.

One MCVSC administrative assistant's sole job function is to enter information from paper files into the Time Matters 5.0 system and electronic format. The financial assistance specialist/information technology support administrator estimated that it will take approximately one year to complete the project. In addition, MCVSC plans to purchase scanners which would allow documents such as marriage certificates and discharge papers to be scanned into the system. The financial assistance

specialist/information technology support administrator indicated memory in computers for this project is not an issue.

Since 1959, the Ohio Historical Society (OHS) has been serving as the archives administrator for Ohio and its political subdivisions, with the goal of preserving historically valuable records created by municipal and county governing units. OHS's Local Government Records Program (LGRP), offers advice and assistance on records management to local governments upon request, and recommends the following procedure for developing a retention schedule and disposing of records:

1. **Designate a records officer** - One person, usually appointed by the executive director, should be responsible for all aspects of records retention and disposition, and serve as liaison to the County Records Commission. The OHS recommends designating a person who is familiar with the duties and responsibilities of the department and the records it creates and maintains.
2. **Conduct a complete records inventory** - A *record series* is defined as a sequence of records systematically classified and filed, or as a group of records created for a specific activity or function. Examples include vouchers, receipts, minutes, correspondence files, and payroll files. For each record series, the inventory should include its origin, location, information content, inclusive dates, quantity (in cubic feet), frequency of use, and purpose.
3. **Determine a retention period for records created and follow it** - Records should be kept until they are no longer of administrative, legal, and fiscal value. Records of historical value should be maintained permanently.
4. **Prepare retention and disposal lists** - A *schedule of records retention and disposition* (RC-2) specifies the period of time each record series will be retained by an agency, and provides continuing authority for disposition of the record at the expiration of the stated retention period. For each disposal, a *certificate of records disposal* (RC-3) must be filed with the OHS State Archives 15 business days before the disposal date. An *application for a one-time records disposal* (RC-1) is used to request permission to destroy or transfer particular records covering only specified dates, or records that are obsolete and no longer created and maintained.
5. **Submit schedules or applications to the County Records Commission** – Following approval of the executive director, schedules of record retention and disposition or applications of one-time records disposal should be submitted to the County Records Commission for approval or amendment in an open meeting.

6. **Obtain approval from the Auditor of State (AOS) and OHS prior to records disposal** - AOS and OHS have 60 days to review records prior to disposal. The 15 business days requested for the RC-3 submittal is considered part of the 60-day review and selection period.
7. **Prepare a Certificate of Records Disposal (RC-3)** - The OHS states that copies of this a form should be sent to the County Records Commission and OHS. This should be done 15 business days prior to disposal. OHS forwards the RC-3 to AOS.
8. **Enforce the retention schedule.**

The Ohio Historical Society's (OHS) suggested records retention period for material in case files is three years.

Establishing and following a records retention schedule ensures that time and money are not wasted maintaining unnecessary records and preserves the rights and heritage of Ohio's veterans. Maintaining only required records will result in an undetermined financial savings for the time needed to maintain the records and the space allocated to their storage. However, some of the time currently used to maintain records will need to be redirected into the records management program.

R6.5 MCVSC should incorporate technology instruction into its training program. Incorporating technology into an effective training program should improve the efficiency and effectiveness of its employees and better enable MCVSC to achieve its mission and goals.

The Agency indicated that it will incorporate technology training into its data processing policy package.

Technology instruction is not fully incorporated into MCVSC's training program. The financial assistant specialist/technology support administrator has developed instructional worksheets detailing the functionality of the Time Matters 5.0 software. The training sessions involve the financial assistant specialist/technology support administrator instructing employees during interviews with clients. However, MCVSC staff have not received other training on technology and complete training documentation is not maintained (see **organization and staffing**). MCVSC has not created a specific development plan for each of its staff. As such, all staff members do not receive the training necessary to improve the skills required to provide veterans with the best service and maximize productivity. The County has an agreement with New Horizons for discounted technology training. Through this agreement, MCVSC can purchase training vouchers for \$100 per class and make them available to the staff.

According to a United States General Accounting Office (GAO) report on information technology training, training is a vital part of the human capital equation. An organization's approach to human capital development and training should be aligned to support its mission, vision, goals, objectives and strategies. According to GAO, an organization should identify and assess IT training needs by performing the following tasks:

- Identify and document competencies/skills required for each job description;
- Maintain a current inventory of skills;
- Address overall career development issues as well as skill-specific training issues;
- Perform a gap analysis to determine where training is needed;
- Use self-directed tools, such as individual development plans, to give employees responsibility in assessing their development needs (see **R2.8**); and
- Use a single portal to give staff and managers access to training and career development information.

Financial Implication: If 10 of the 13 MCVSC staff each attended 2 technology classes per year on topics such as Excel and Microsoft Office, the annual cost would be approximately \$2,000.

R6.6 MCVSC should take steps to train a back-up for the technology support position or should coordinate with the County Public Defenders Office on Time Matters 5.0 software and other technology responsibilities. A back up is critical in the event the current financial assistant specialist/information technology support administrator is absent or otherwise unable to perform those responsibilities.

During the course of the audit, the Agency developed a better process to ensure back-ups are available for the Time Matters software as a component of its agreement with the MCDPC.

Although system controls exist over the technology area, a back-up position has not been trained for technology support at MCVSC in the event the current financial assistant specialist/information technology support administrator is absent or otherwise unable to perform those responsibilities. The financial assistant specialist/information technology support administrator is the only position in the organization responsible for technology, resulting in the risk that hardware and software changes to Time Matters 5.0 could be made without the knowledge of other staff or management at the organization. Having a back-up position trained on technology would help minimize downtime and keep staff productive in the event the financial assistant specialist/information technology support administrator is absent or otherwise unable to perform those responsibilities. Training a back-up position on the use and maintenance of Time Matters 5.0 software, or coordinating the responsibilities with the Public Defenders Office personnel is especially

important since MCDPC does not support this software. Other pertinent trainings could include Microsoft software and network server classes through New Horizons.

Financial Implication: If one MCVSC staff person attended five technology classes on supporting Microsoft software and network servers, the annual cost would be approximately \$500.

R6.7 MCVSC should develop documented internal control procedures to ensure appropriate accountability over the technology area, while minimizing risk to the organization.

During the course of the audit, the Agency began implementation of this recommendation.

MCVSC does not have documented internal controls for all technology policies and procedures. Examples of deficiencies include the lack of documented procedures for performance measures with MCDPC, a disaster recovery plan, and record retention policy. According to the United States General Accounting Office (GAO), an agency should implement and enforce IT management policies, procedures, standards and guidelines. The lack of documented technology procedures adds to the risk of not having a back-up position because there are no written guidelines for staff to follow in the event the financial assistant specialist/information technology support administrator is absent or unable to perform responsibilities. There were no indications of the system being impaired, but it is imperative to the technical viability of the organization that a technology support back up position be established along with documented policies and procedures to ensure the internal controls and accountability of the system are maintained.

System controls over MCVSC technology include MCDPC network controls and Time Matters 5.0 built-in security controls. MCDPC network controls include such measures as virus projection, Internet filtering, firewalls, and required Novell passwords. Time Matters 5.0 security controls include required user names and passwords, a Master Audit Log feature, and restrictions on access to certain fields. The Master Audit Log shows what changes or updates are made in the system and identifies who made the changes. The financial assistant specialist/information technology support administrator can also restrict access to certain fields within the system, depending on the employee's job responsibilities. For example, the Director is granted access in the system for viewing records and approval/denial fields, but is restricted access for changing financial assistance recommendation fields.

Financial Implications Summary

The following table summarizes the estimated annual implementation costs identified in in this section of the report.

Summary of Financial Implications for Technology

Recommendation	Implementation Costs
R6.5 Incorporate technology instruction into the training program	\$2,000
R6.6 Train a back-up for the technology support position	\$500
Total	\$2,500

**MONTGOMERY COUNTY
VETERANS SERVICE COMMISSION**



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March 15, 2005

Ms. Edna Frezgi, Senior Audit Manager
Auditor of State of Ohio
130 W. Second Street, Suite 2040
Dayton, OH 45402

Dear Ms. Frezgi:

The Montgomery County Veterans Service Commission reviewed the "confidential discussion draft" of the Performance Audit Report completed by the Auditor of State for our office. We certainly appreciate the recommendations and opportunities presented for improvement in our office operations and will continue to review and evaluate options to implement the recommendations.

Listed below are our responses to the more significant aspects of the report:

R2.4 Sick Leave Usage

The Commission recognizes this issue as a major problem and is constantly seeking ways to improve this situation. A test program allowing employees to convert 6 days of short-term sick leave for a payout has been implemented for 2005. Other means of improving this problem are under consideration.

Employee Morale

A personal letter has been given to each employee requesting their suggestions for improvements in the areas listed in the performance audit survey completed by the employees. Preliminary reaction from the employees has been favorable.

R2.9 Update Job Descriptions

A review of all job descriptions is currently underway. The responsibility and authority of each position is being evaluated along with a review of the compensation structure for the organization.

R2.13 Labor Management Committee

A meeting will be held on March 22, 2005 with labor and management to initiate the Labor Management Committee.

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R5.3 60-Case File Review

The Veterans Service Commission has taken steps to correct deficiencies in the financial assistance program and to improve operations. One measure has been the implementation of a monthly internal audit to review randomly selected financial assistance cases. The results of these audits are used to conduct additional staff training, to increase consistency among staff members, revise or create new assistance policies, and to determine where additional information should be gathered in the application process.

R5.6-

R5.8 Outreach Program

The outreach program has been accelerated by having all unemployed veterans visiting our office to meet with a State Veterans Representative (one representative is stationed on the premises 2 days a week) for employment referral.

Money management classes conducted under the Ohio State University Extension Program are required for all clients applying for their third time of assistance in a twelve-month period. This program has had a very positive response from the clients. For the first time, the Veterans Service Commission has gone beyond the normal financial assistance to help clients make beneficial lifestyle changes.

Again, the Commission would like to thank the audit team for the positive recommendations in the audit report. We look forward to continued improvement in our commission operations, processes, and our service to all Montgomery County veterans.

Sincerely,



Robert L. Corbin
Montgomery County Veterans Service Commission President